



Daily Report

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General

Li Daoyu Addresses UNSC on Bosnia Ceasefire

OW2508032293 Beijing XINHUA in English 0257
GMT 25 Aug 93

[Text] United Nations, August 24 (XINHUA)—The UN Security Council today called immediate ceasefire throughout Bosnia and Herzegovina as essential for achieving a just and equitable solution through peaceful negotiations.

In a resolution unanimously adopted, the council urged the three parties to the 16-month conflict—Serbs, Croats and Muslims, to conclude as soon as possible a "just and comprehensive political agreement freely agreed by all of them."

Affirming that a solution to the conflict must be in conformity with the UN Charter and the principles of international law, the council stressed the following points:

- The sovereignty, territorial integrity and political independence of the Republic of Bosnia and Herzegovina;
- Neither a change in the name of the state or changes regarding the internal organization of the state would affect the continued membership of Bosnia and Herzegovina in the United Nations;
- The principles adopted by the London international conference on the former Yugoslavia, including the need for a cessation of hostilities, the principle of a negotiated solution freely arrived at, and the unacceptability of the acquisition of territory by force or by "ethnic cleansing;"
- Recognition and respect for the right of all displaced persons to return to their homes in safety and honor including their right for compensation;
- The maintenance of Sarajevo, capital of Bosnia and Herzegovina, as a united city and a multicultural, multi-ethnic and pluri-religious center.

Speaking at the Security Council meeting before voting today, Li Daoyu, Chinese permanent representative to the UN, said China always stands for settling all the conflicts and disputes by means of dialogue and negotiation.

He said that China is always opposed to the use or the threat of force in international relations. "Any further military action in Bosnia and Herzegovina will not help promote the efforts for political solution, it will, on the contrary, further complicate the matter, thus bringing adverse effects to the search for peace."

Pakistani Ambassador Jamshed Marker said his country, an original co-sponsor of the draft resolution, is disappointed at the inability of the international community to end the conflict and hoped the adoption of the draft resolution would create transparent conditions for negotiations between the parties concerned.

International Forum on Elderly Opens in Beijing

OW2408131493 Beijing XINHUA in English 1200
GMT 24 Aug 93

[Text] Beijing, August 24 (XINHUA)—An international seminar on daily life of urban elderly people opened here today. Some 76 officials and experts from China, Japan, the Republic of Korea (ROK), India, Thailand and Singapore, attended the opening ceremony.

The number of retired people is now growing larger and larger in China, said Wang Chuanbin, vice-chairman of the China National Committee on Ageing. How to help them continue their social activities and promote the quality of life during their remaining years, he noted, had drawn governments' attention in many countries.

The Asia-Pacific region would confront an unprecedented social phenomenon, said San Yuenwah, social affairs official of the Economic and Social Commission for Asia and the Pacific of the United Nations.

However, most countries in the region were not conscious of the gravity of the problems and had not attached enough importance to take forward-looking measures, San said. She praised the seminar as a regional milestone in research and exchanges on matters concerning senior citizens.

Figures from relevant departments show that the over-60s in the Asia-Pacific region will in several years number 0.6 billion, accounting for 56 per cent of the total elderly population in the world.

Because of the fall in the birth rate due to China's family planning policy and the lengthening of life expectancy as the result of better medical conditions, the proportion of elderly people is increasing in China, pointed out Zhang Yaqu, vice-chairman of the China National Committee on Aging.

By the end of this century, according to Zhang, at least 10 per cent of Chinese would be aged people.

The problem in Japan might be more serious. Figures from the Japan Aging Research Center showed that in the early period of the 21st century, one fourth of Japanese would be elderly people, and half of these would be over 75.

In order to help the old people spend their remaining years happily, the China National Committee on Aging and some other relevant departments had cooperated with the Japan Aging Research Center for three years to investigate the living and psychological conditions of the urban elderly in the two countries.

During the seminar, the experts and officials will exchange their research results from the past few years. This will give a framework not only for policy-making on elderly affairs in China and Japan, but also for that in the other countries in the Asia-Pacific region.

Red Cross Societies Help Flood Victims

OW2408125293 Beijing XINHUA in English 1126
GMT 24 Aug 93

[Text] Beijing, August 24 (XINHUA)—Red Cross groups home and abroad have provided about 1.9 million U.S. dollars in aid for Chinese flood victims during the past several weeks.

According to a spokeswoman of the Red Cross Society of China (RCSC), the society allocated 1.42 million yuan (about 249,000 U.S. dollars) in emergency aid to the flood-stricken areas and appealed to the League of Red Cross and Red Crescent Societies (LRCS) on August 16 for aid after more areas were flooded and the flood situation became worse.

The LRCS responded quickly by giving 400,000 Swiss francs in emergency aid to Chinese flood areas and appealed to all the Red Cross and Red Crescent organizations for more aid to China, said the spokeswoman.

The spokeswoman said two LRCS officials who were on an inspection tour of China changed their agenda and hurried to Jilin and Shandong Provinces, some of the worst-hit areas, for an on-the-spot inspection, and were preparing for more aid.

The Red Cross Societies in Taiwan and Hong Kong also donated relief funds and material worth about 500,000 U.S. dollars and 4.5 million Hong Kong dollars during recent weeks—aid which was being given to flood victims.

The spokeswoman said all the donated funds and materials will be given to the flooded areas.

The RCSC also sent five working groups to the provinces of Jilin, Anhui, Jiangxi, Sichuan and Shandong, and the Inner Mongolia Autonomous Region to give further help to these worst-hit areas.

By mid-July, floods had claimed the lives of 1,079 people and caused about 18.7 billion yuan (3.28 billion U.S. dollars) in direct losses.

Governments at all levels in the flood areas also mobilized People's Liberation Army soldiers and local residents to rescue flood victims and gave food and shelter to homeless flood victims.

The Chinese Ministry of Civil Affairs has so far allocated about 800 million yuan to flood-hit areas. Most of the funds were being used to feed the victims and build shelters for them.

United States & Canada**Article Says U.S. 'Harassing' Cargo Ship**

HK2508072093 Hong Kong HSIANG KANG SHANG
PAO in Chinese 25 Aug 93 p 9

[Article by Kao Sung (7559 2646): "The United States Must Stop Harassing Cargo Ship, the Yinhe"]

[Text] Due to repeated obstructions by the U.S. side, the "Yinhe incident" has remained unresolved for more than a month. Since the ship cannot sail to its destination or berth at a port, it is running out of oil and water, seriously affecting the safety of the ship itself and its crew.

By incorrect intelligence, the U.S. side has falsely accused the Yinhe of carrying the chemical weapon materials thiodiglycol and thionylchloride. Relevant Chinese departments have seriously checked the shipping bills and bills of lading and found that the ship does not have the above two chemicals as alleged by the United States. Moreover, through diplomatic channels, the Chinese side has told the U.S. side that the 24 containers carried by the Yinhe in shipment to Iran contain mainly stationery, metals, and machine parts, which are completely removed from chemical weapon materials. The Chinese side has also suggested that a third party inspect the cargoes after their unloading at a port. Sticking stubbornly to the so-called "intelligence," U.S. Secretary of State Christopher even said that the United States is determined to search this Chinese ship, the Yinhe.

These practices have completely exposed the peremptory U.S. acts of piracy. They are the expression of lawlessness and unreasonableness and will surely be strongly criticized by world justice and fairness.

As a signatory to the Convention on the Banning of Chemical Weapons, China is very serious about its share of international obligation. China does not produce nor possess chemical weapons nor export chemicals used for the manufacture of chemical weapons. China has always enjoyed high international prestige and is very responsible regarding the promises it has made. The so-called U.S. "intelligence" is a sheer fabrication, a serious insult to the Yinhe, and it is difficult to tolerate.

The unreasonable U.S. acts have seriously violated international practice regarding safe navigation on the high seas. In addition, Secretary of State Christopher has said that the United States has to search the ship. This is in disregard of the sovereignty of a sovereign country. Relying on its warships and aircraft, the United States makes trouble everywhere and infringes on and interferes with the sovereignty of others. Its unreasonable and high-handed practices have given rise to dislike and opposition from peace-loving people around the world. If relevant U.S. authorities continues to stick stubbornly to their wishes, they will surely end up in a bad way.

It is strongly hoped that the U.S. side will stop harassing the Yinhe as soon as possible and ensure there are enough supplies of oil, water, and food on board the ship so that navigation, and the crew, can be safe. Otherwise, the U.S.

side will have to be held totally responsible for all consequences arising from the incident.

U.S. Senators Complete Visit to Tibet /

*OW2408142593 Beijing XINHUA in English 1407
GMT 24 Aug 93*

[Text] Lhasa, August 24 (XINHUA)—A three-member U.S. senatorial delegation wound up its visit and left here for Chengdu, capital of Sichuan Province, this morning.

In this capital of the Tibet Autonomous Region the delegation, headed by Max Baucus, chairman of the Environment and Public Works Committee of the U.S. Senate, visited the Potala Palace, the Jokhang Temple and other places of historic interest.

On Sunday [22 August], Raidi, deputy secretary of the regional committee of the Chinese Communist Party, met with and extended a warm welcome to Baucus and his party.

Raidi, also chairman of the standing committee of the regional people's congress, told the visitors that there were various false tales about the region circulating outside, which, he said, came mainly from a lack of knowledge.

On religious belief in Tibet, Raidi said that the Tibetan people enjoy full freedom in this respect. The region has 1,400 temples and other religious sites, and over 34,000 Buddhist monks and nuns. Religious activities here are protected by law.

Asked if there exists any immigration problem in Tibet, Raidi said that the question sounded like a joke. Since the region is located on a frigid plateau and lacking in oxygen, how could it be possible that many people from outside the region would come and settle here? he asked.

On the whole, he said, the number of Han people living here is declining. He cited statistics, saying that the number of Han people in Tibet was 90,000 in 1982, only some four percent of the total population. That number shrank to 80,000 in 1990 and to some 60,000 in 1992, which represented three percent and 1.9 percent of the population of the region.

With economic development and social progress, Raidi noted that the Tibetan population has been constantly rising.

The region had 1.27 million Tibetans in 1953, and 2.096 million in 1990, he said.

Central Eurasia

Russian Fleet Visits Shandong's Qingdao City

*SK2408035393 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 23 Aug 93*

[Text] The Russian fleet, headed by Vice Admiral Khemyilov [name as published], deputy commander of Russia's Pacific Fleet, arrived in Qingdao on the morning of 23 August for a four-day visit to China. Real Admiral Shi Tianding, deputy commander of the Navy's North China Sea Fleet of the Chinese Liberation Army [PLA]; Rogachev, Russian ambassador to China; and thousands of navy officers and men, attended the welcoming ceremony. Yu Zhengsheng, Standing Committee member of the Shandong Provincial CPC Committee, secretary of the Qingdao City CPC Committee, and mayor of Qingdao city, and Vice Admiral Wang Jiying, deputy commander of the Jinan Military Region and concurrently commander of the North China Sea Fleet, respectively met with Vice Admiral Khemyilov and his entourage. The officer and men of the Russian fleet laid wreaths at the Qingdao Revolutionary Martyrs' Memorial Hall and went on a sightseeing tour in Qingdao.

China, Russia Hasten Construction of Railroad

*OW2508061693 Beijing China Radio International in
Russian 1900 GMT 21 Aug 93*

[Text] China and Russia are speeding up the building of the Tumen-Makharino railroad line which will connect the northeast part of China to the Russian Far East. According to preliminary data, the railroad will open to traffic by the end of this November, and will be officially commissioned in June 1994. The Tumen-Makharino railroad stretches for 103 km. It begins in the city of Tumen in Jilin Province, passes through the city of Hunchun, and reaches the Russian town of Kraskino.

China and Russia conducted a ceremony for the beginning of track laying on the Hunchun-Kraskino railroad last year. Today, track laying is being successfully carried out there. After the construction of the first stage is complete next year, annual cargo turnover on this railroad will amount to 6 million tonnes. The volume of capital investment in the construction of the Tumen-Makharino railroad line will amount to \$175 million, and China and Russia are responsible for construction on their respective territories. Joint stock companies created by both sides are jointly attending to the construction work. There is no such precedent in the history of railroad construction in China. According to the agreement, each side owns 50 percent of the shares in the railroad for 50 years.

The opening of the Tumen-Makharino railroad will accelerate construction of the chief railroad trunk line of Northeast Asia, which will connect Mongolia, Russia, China, and Korea. It will stretch from the Russian city of Chita to the Mongolian city of Choybalsan, and the Chinese city of Arxan, and will then connect the Chinese cities of Baicheng, Changchun, and Tumen to the Russian cities of Zarubino and Posyet. Another branch will connect

Tumen and the Korean cities of Unggi and Najin. This intercontinental railroad trunk line will connect Europe and Asia. Its cargo turnover is estimated to exceed 11 million tonnes.

This grandiose project was supported by the UN Development Program through Chinese initiative last year. Last year the Governing Council of the UN Development Program included the project in the program for developing the estuary of the Tumen river. This promising railroad line is attracting many investors. Some enterprises in Japan and Hong Kong have already formed joint companies for its development. The World Bank, the Asian Development Bank, and many Chinese and foreign investors have also expressed their willingness to invest their capital in the building of this railroad line.

Northeast Asia

Outgoing Envoy Meets DPRK Leader Kim Il-song

OW2408210493 Beijing XINHUA Domestic Service in Chinese 0822 GMT 23 Aug 93

[By reporter Gao Haorong (7559 3185 2837)]

[Text] Pyongyang, 23 Aug (XINHUA)—Korean State President Kim Il-song today met with Chinese Ambassador Zheng Yi, who was paying him a farewell call outside of Pyongyang. They had cordial and friendly talks.

Kim Il-song spoke highly of the efforts made by Ambassador Zheng Yi during his tour of duty to consolidate and develop Sino-Korean friendly relations.

Kim Il-song expressed "satisfaction" with the frequent exchanges of visits by Korean and Chinese leaders over the past few years. He said: Sino-Korean friendship is "eternal" and "cannot be ruined by any forces."

Kim Il-song expressed the hope that the friendship between the Korean and Chinese people would flow incessantly like the Yalu Jiang and would remain fresh forever like the pine trees on Mt. Paektu.

Kim Yong-nam, vice premier of the Korean State Administration Council and concurrently minister of foreign affairs, was present at the meeting.

Ambassador Zheng Yi will soon return home after concluding his tour of duty in Korea. Kang Song-san, premier of the Korean State Administration Council; Yang Hyong-sop, chairman of the Korean Supreme People's Assembly;

and Choe Tae-pok, secretary of the Korean Workers Party Central Committee, separately met with the outgoing ambassador.

Bohai Bay Becomes ROK 'Target of Investment'

OW2508112893 Beijing XINHUA in English 1050 GMT 25 Aug 93

[Text] Tianjin, August 25 (XINHUA)—The Bohai Bay area has become a major target of investment from the Republic of Korea (ROK).

According to official statistics, nearly 70 percent of ROK investment are concentrated in the area around the Bohai Bay in northeast China, which face the Korean peninsula across the sea.

The coastal area around the Bohai Bay includes Shandong Province, Tianjin city, the eastern part of Hebei Province and the southern part of Liaoning Province.

By the end of May this year, the number of enterprises using ROK investment had come to 543 in Tianjin and the Shandong peninsula alone, with the contractual value of investment reaching 442 million U.S. dollars. Their operation covers building materials, textiles, garments, leather wear, shoe-making, electronics, food processing, toys, machine-building, chemicals engineering, household electrical appliances and aquatic products processing.

Tianjin city alone approved the establishment of 52 enterprises using ROK investment in the first half of this year, accounting for nearly 62 percent of the total number of ROK-funded enterprises approved in previous years.

Unlike previous years when only small investors came to China, more and more larger ones have come to make substantial investment in the Bohai Bay area. The Samsung Company for instance has invested 54 million U.S. dollars in a video-recorder project in Tianjin. The land development corporation of the Republic of Korea has leased 1.15 sq km of land in Tianjin city. It is planning to invest 200 million to 400 million U.S. dollars in development projects which are expected to attract more than 100 high-tech companies from the Republic of Korea.

ROK Starts Economic Association in Beijing

OW2408132193 Beijing XINHUA in English 1252 GMT 24 Aug 93

[Text] Beijing, August 24 (XINHUA)—A new non-governmental organization was set here today to promote people-to-people exchanges and co-operation in economy and trade between China and the Republic of Korea (ROK).

The China-ROK Economic Development Association is made up of persons who are concerned about the development of Sino-ROK economic and cultural co-operation, and social groups and enterprises engaged in business and cultural exchanges with the ROK.

The association, with senior diplomat Lu Weizhao as its president, will open channels of contact with ROK companies, non-governmental organizations and social groups to study the country's politics, economics, culture, education, science and technology as well as society.

The association will also offer advice related to ROK affairs, said Lu, who has been Chinese ambassador to a number of countries.

Wang Guangying, vice-chairman of the Standing Committee of China's National People's Congress, Ngapoi Ngawang Jigme, vice-chairman of the national committee of the Chinese People's Political Consultative Conference, and ROK Ambassador to China Hwang Pyung-tae, were present at today's ceremony to mark the association's establishment.

Shanghai Establishes Ties With ROK City

OW2408140693 Beijing XINHUA in English 1350
GMT 24 Aug 93

[Text] Shanghai, August 24 (XINHUA)—A ceremony was held here today to mark the establishment of friendly ties between Shanghai and Pusan in the Republic of Korea (ROK).

Pusan, the ROK's largest port, is the 24th city Shanghai has established friendly ties with.

According to an agreement signed between the two cities, they will further strengthen exchanges of friendly visits in fields such as economy and trade, and science and technology under the principle of equality and mutual benefit. They will also exchange necessary information and probe into and co-operate in matters of mutual concern so as to promote the development of both sides.

Official Signs 3d 1993 Japanese Loan Agreement

OW2408120993 Beijing XINHUA in English 1108
GMT 24 Aug 93

[Text] Beijing, August 24 (XINHUA)—An exchange of notes on the third portion of a Japanese loan to China for this year totalling 138.743 billion Japanese yen (about 1.33 billion U.S. dollars) was signed here today.

Japanese Ambassador to China Michihiko Kunihiro and Chinese Vice-Foreign Minister Tang Jiaxuan signed the document on behalf of their respective governments.

The loan, provided by the Overseas Economic Cooperation Fund (OECF) of Japan, will be used in the construction of 18 projects in China.

The Japanese Government, which since 1979 has given governmental loans to China through the OECF, has provided three batches of such loans totalling more than 15 billion U.S. dollars up to now.

Zheng Silin, Chinese vice-minister of foreign trade and economic cooperation, was present at the signing ceremony.

Southeast Asia & Pacific

Hanoi Reports on PRC-Vietnamese Border Talks

BK2408152693 Hanoi Voice of Vietnam Network in
Vietnamese 1430 GMT 24 Aug 93

[Text] According to sources from Beijing, the Vietnamese Government delegation led by Deputy Foreign Minister Vu Khoan held talks on the morning of 24 August in Beijing with the Chinese Government delegation led by Deputy Foreign Minister Tang Jiaxuan. Prior to the meeting, Mr. Tang Jiaxuan told the journalists that these were the first governmental-level border talks between the two countries.

Thai Prime Minister Chuan Likphai Visits

Envoy Previews Trip

BK2408095593 Beijing China Radio International in
Thai 1330 GMT 23 Aug 93

[Interview with Thai Ambassador to China Montri Chali-
chan by China Radio International reporter Sathian in
Beijing; date not given—recorded]

[Text] [Sathian] Greetings, Mr. Ambassador. Thai Prime Minister Chuan Likphai will arrive on 25 August on an official visit to China. The Chinese people eagerly await his visit. The Chinese Government is making earnest preparations to receive him. Could you explain the purpose of his excellency the Thai prime minister's visit? What is the general situation at the time of his visit? What does the future development of Thai-Chinese relations look like?

[Montri] Thank you for giving me the opportunity to speak on the upcoming visit of His Excellency Prime Minister Chuan Likphai. First, I will talk about the four main purposes of his visit to China. First, the visit is aimed at further strengthening the close Sino-Thai relations. Second, it is aimed at familiarizing Thai leaders with Chinese leaders. The Thai leaders came to power just 10 months ago, while the Chinese leaders were elected last April by the National People's Congress. Third, the visit is aimed at exchanging views on international and regional issues of mutual interest. Fourth, it is aimed at exploring ways to promote and expand economic cooperation, trade, and investment.

On the situation at the time of the visit, the world situation has changed considerably since the end of the cold war. Every country has to readjust to the new situation as well as to the future. Therefore, it is important for Thailand and China, or Thai and Chinese leaders, to consult on how we should adjust to the new situation.

It is worth noting that this year ASEAN and Chinese leaders have consulted closely. The Singapore prime minister and senior Singapore ministers visited China. Philippine Prime Minister Fidel Ramos and the Malaysian prime minister also visited China. Now, the Thai prime minister will be making a visit. All these visits are taking

place this year. It is evident that the ASEAN countries and China realize the importance of close cooperation, consultation, and coordination.

Thailand has given great importance to the prime minister's visit to China. This is because it will be the prime minister's first visit to a country outside of the customary visits to the five ASEAN countries. This signifies the importance Thailand gives relations with China. Several agreements—government to government and between the private sectors—will be signed during the visit. The agreements in the government sector will consist of the extradition treaty, the agreement on establishment of a Thai consulate in Kunming and a Chinese consulate in Songkhla, and the agreement on tourism promotion. In the private sector, agreements will be on the establishment of permanent cooperation and on three or four major joint venture projects.

On the future of Thai-Chinese cooperation, I can say confidently that cooperation looks bright, because our two countries are located close to each other and bilateral relations have been smooth and without problems. Regarding the status of Sino-Thai relations, I can say that the relations have soundly weathered the test of time. Therefore, Thai-Chinese relations can only progress in all fields: political, economic, cultural and social.

[Sathian] Outside of Beijing, what other cities will the prime minister visit? I heard that his delegation will include some 100 businessmen. What is the significance of the visit in terms of trade and investment?

[Montri] Other than Beijing, Prime Minister Chuan will visit Shanghai, Shenzhen, Haikou, and Kunming. The visit to these cities will give the prime minister the opportunity to observe the development of major cities and explore venues for future expansion of bilateral trade and investment.

The prime minister is bringing about 130 Thai businessmen in his delegation. Their businesses are big, and they will have the chance to see the fast pace of Chinese national development and to exchange views with Chinese businessmen. This will enhance economic cooperation between the two countries.

In fact, economic cooperation between Thailand and China has progressed quickly. Major Thai investment projects this year include a small- and medium-sized truck production plant and an agricultural tool plant in Chongqing, Sichuan Province. There is a hotel project in Guangxi and an infrastructure project in the same province. This shows that economic relations have continued to grow, and the prime minister's visit will further enhance the relations.

[Sathian] Thank you.

Chuan Briefs Reporters

OW2408161593 Beijing XINHUA in English 1519
GMT 24 Aug 93

[Text] Bangkok, August 24 (XINHUA)—The relations between Thailand and China are very close and such good

relations will help strengthen the regional economic development and be conducive to regional peace and stability. Thai Prime Minister Chuan Likphai said here this evening.

In an interview with a group of Chinese reporters on the eve of his official visit to China starting Wednesday, Chuan said that Thailand and China has a traditional friendly relationship and this relationship has entered into a new era since the establishment of diplomatic relations between the two countries 18 years ago.

Chuan said that the further development of the friendly relations, especially the further development of the economic relations between the two countries, will be in the interests of all countries of this region.

Referring to economic cooperation between the two countries, Chuan said China, which has a very fast economic growth rate, is one of the countries achieving fast economic development in the region.

Thailand has been watching closely about the investment environment in China and considered it more favorable than the other countries in the region, he said.

To promote the Sino-Thai economic cooperation, the interests of the two countries and investment environment must be considered and the bilateral economic cooperation will surely be further strengthened, he said.

Talking about the formation of the "quadrangle economic area" covering northern Thailand, southern China, Myanmar [Burma] and Laos, Chuan said Thailand pays special attention to the development of this sub-region because the peoples of the four countries have very good contacts.

The peoples of the four countries have a common desire for economic development and Thailand supports the joint development of this sub-region through consultations with the other three countries, he said.

China not only has good relations with Thailand but also with other members of the Association of Southeast Asian Nations (ASEAN), he said.

China has further strengthened its economic cooperation with the ASEAN members under the principle of non-interference in the internal affairs of others, mutual benefit and joint development, he stressed.

Talking about his visit to China, Chuan said over 100 Thai businessmen, representing Thai industry, trade and finance, will accompany him on the China tour.

Many of them have already invested in China and the visit will further enhance their confidence in investment in China, he said, adding that Thailand also hopes Chinese businessmen will invest in Thailand.

Chuan expressed his hope that the existing friendly and close relationship between the two governments and peoples be further strengthened.

Leaves for Beijing

OW2508062693 Beijing XINHUA in English 0615
GMT 25 Aug 93

[Text] Bangkok, August 25 (XINHUA)—Thai Prime Minister Chuan Likphai left here today for Beijing on a nine-day official visit to China at the invitation of Chinese Premier Li Peng.

Leading a 206-member delegation comprising Thai government officials and businessmen, Chuan will visit Chinese cities of Beijing, Shanghai, Shenzhen, Hainan and Kunming during the journey.

Thai government officials accompanying Chuan on the China visit include deputy prime ministers Amnuai Wirawan and Supachai Phanitchaphak, Defense Minister Gen. Wichit Sukmak and Foreign Minister Prasong Sun-siri.

This is Chuan's first visit to China in the capacity of the prime minister of Thai Government, which was formed last October.

Beijing Arrival Reported

OW2508103693 Beijing XINHUA in English 1012
GMT 25 Aug 93

[Text] Beijing, August 25 (XINHUA)—The Prime Minister of Thailand Chuan Likphai, at the invitation of the Chinese Premier Li Peng, arrived here this afternoon by special plane and started his 10-day official goodwill visit to China.

Chuan's entourage includes government officials—two Deputy Prime Ministers Amnuai Wirawan and Supachai Phanitchaphak, Foreign Minister Prasong Sun-siri and National Defense Minister, General Wichit Sukmak, and people from the economic, industrial and commercial circles, totaling more than 200.

Those who went to meet Chuan at the airport were Huang Zhendong, chairman of the Chinese Government's reception committee and minister of communications, Vice-Foreign Minister Tang Jiaxuan, Chinese Ambassador to Thailand Li Shichun and Thai Ambassador to China Montri Chalichan.

According to sources, Chuan's current visit to China is aimed at further expanding Sino-Thai bilateral economic cooperation.

Commentary Praises Qiao Shi's Philippines Trip

HK2508064593 Beijing ZHONGGUO XINWEN SHE
in Chinese 0841 GMT 11 Aug 93

[Commentary by staff reporter Dai Yaping (2071 0068 1627): "Closer Ties, Common Prosperity—On Chairman Qiao Shi's Visit to the Philippines"]

[Text] Manila, 11 Aug (ZHONGGUO XINWEN SHE)—In Manila, August is the season in which jasmine trees are in full bloom. Wherever Chairman Qiao Shi and his party went during their five-day visit in the Philippines, they

were presented well-woven floral hoops of jasmine by the hospitable hosts so that the Chinese guests experienced the friendship and affection of the Philippine people everywhere amid jasmine fragrance.

Ambassador Huang Guifang used the words "the more frequently relatives contact one another, the closer their relations will be" to evaluate the current relations between China and the Philippines. The friendship between our two countries goes back to ancient times. Since China and the Philippines established formal diplomatic relations, the successive Philippine presidents have all visited China and cemented close ties with senior Chinese leaders. President Ramos's visit to China last April once again laid down the foundation for closer cooperation in many facets. The current visit of Chairman Qiao Shi not only expanded the contacts between the congresses of the two countries, but added deeper feelings to the friendly relations already existing in the two countries and the people.

Over the past few days, the local media have substantially reported Chairman Qiao Shi's visit. A Chinese newspaper carried an editorial entitled "Welcome to Chairman Qiao Shi," and many Chinese nationals and mass organizations advertised in Chinese newspapers such red-character phrases as "Sino-Philippine friendship," "Good neighborhood," "Promotion of friendship," and so on to express their warm welcome to Chairman Qiao Shi. At the receptions to welcome Chairman Qiao Shi held by the Overseas Chinese organizations in Manila and Cebu, hosts and guests joyfully gathered together to recount old friendship. The Philippine vice president, president of the Senate, and the speaker of the House of Representatives all spoke highly of the excellent contributions made by the local Chinese nationals to the country's development. At the reception held by various circles of the Overseas Chinese in the Philippines, Chairman Qiao Shi said: "In my visit I have personally experienced the intimate friendship shown by the Philippine people to the Chinese people. I am also pleased to see that the Overseas Chinese residing here are getting along with the local people harmoniously and are working diligently for the economic development in the Philippines. The maintenance of Sino-Philippine friendship is the common aspiration of the two peoples, which not only conforms to the interests of the two countries, but also contributes to peace and development in Asia. I sincerely hope that the vast number of Overseas Chinese and friends of Chinese origin will continuously strive to make new contributions to the prosperity of the Philippines and to the further development of the Sino-Philippine friendly relations."

During the visit, the two sides further exchanged views on the issue of the South China Sea and reached a consensus on developing the area collectively while putting aside disputes. Facts have proven that the more we increase contacts and enhance mutual understanding, the easier we can settle disputes satisfactorily under the major precondition of firmly maintaining friendly ties between China and the Philippines.

As China and the Philippines are developing countries, they both cherish strong aspirations for their economic

development on the premises of maintaining national and regional stability. China also expressed concern about the issue of the Philippines' trade deficit with China, and the matter was under investigation by the congresses of the two countries. Both countries believe that there are broad prospects for trade between China and the Philippines. In future, so long as there are closer exchange and cooperation, the two countries will certainly achieve mutual development and advance toward prosperity.

Papua New Guinea Delegation To Visit

OW2508090793 Beijing XINHUA in English 0807
GMT 25 Aug 93

[Text] Beijing, August 25 (XINHUA)—A parliamentary delegation of Papua New Guinea (PNG) will pay an official goodwill visit to China from August 27 to September 3, a spokesman for the Chinese Foreign Ministry announced here today.

The delegation, headed by speaker William Jack Skate, will visit China at the invitation of the Standing Committee of the Chinese National People's Congress.

without representation in Jerusalem are unwilling to open consulates that recognize Israel's sovereignty over the city and to subordinate the consulates to their respective embassies in Tel Aviv.

The Foreign Ministry has already held initial deliberations concerning the Chinese request. Foreign Ministry elements hope to be able to open a Shanghai consulate while adequately responding to the Chinese demand for reciprocity. Prime Minister Yitzhak Rabin is scheduled to visit China during the second half of October and is slated to sign a consulate agreement. The elements said that the Chinese are greatly interested in having an Israeli consulate in Shanghai.

Foreign Ministry elements yesterday noted that, theoretically, the Chinese can open a consulate in Jerusalem without receiving the Israeli Government's approval, but it is unlikely they will want to initiate a confrontation on this matter. The elements are confident the Chinese will not agree to the Israeli conditions—that is to subordinate it to their Tel Aviv embassy—thereby avoiding a confrontation with the Arabs. It is therefore hoped that the Chinese request is indeed theoretical.

Sweden and Turkey opened consulates in Jerusalem, but only under the previously existing guidelines. Every few years the Foreign Ministry holds a session intended to determine a new policy toward the existing consulates which do not recognize the Israeli authorities. The discussions on the issue end with no results due to an unwillingness to start unnecessary political conflicts with numerous countries, including friends such as the United States and the UK. The consulates in Jerusalem are considered "foreign embassies to the State of Palestine."

Reports have surfaced concerning Japan's intention to open a consulate in Jerusalem, but these reports were not confirmed by the Japanese Foreign Ministry.

Israel also has an ongoing disagreement with the EC regarding the status of the latter's representation in Jerusalem. Israel recently allowed the EC representative to the territories to open a "technical office" in Jerusalem, but not a real diplomatic mission. The EC is not pleased with the Israeli position; it demands that its representative to the territories, whose current location is in Brussels, enjoy independent status.

Jerusalem Mayor Teddy Kollek held a meeting with Faysal al-Husayni at a Jerusalem apartment yesterday. Various personalities, including 'Imanu'el Sharon, Foreign Ministry Director General Uri Savir, and 'Oded 'Eran, the assistant director general in charge of economics, also participated in the meeting. According to the participants, the meeting featured a routine discussion about the economic development of East Jerusalem and the territories.

Kollek said a more orderly dialogue with the Palestinians was necessary for the development of East Jerusalem. For a discussion about the West Bank and the Gaza Strip Kollek referred his interlocutors to the government echelons.

Near East & South Asia

'Theoretical' Request for Consulate in Jerusalem

TA2308162293 Tel Aviv HA'ARETZ in Hebrew 23 Aug 93
pp A1, A10

[Report by Hemi Shalev]

[Text] China has requested reciprocity to open a consulate in Jerusalem in exchange for allowing Israel to open a consulate in Shanghai. This was reported by political sources in Jerusalem yesterday.

A report which reached Jerusalem yesterday indicated, however, that so far the Chinese are only seeking consulate rights in principle. Officials at the Chinese Foreign Ministry implied that opening a consulate in Jerusalem would require "a long process of examination." Conversely, the Chinese are prepared to immediately allow Israel to open its consulate in Shanghai.

The Chinese request presents the Israeli Government, and especially the Foreign Ministry, with a delicate diplomatic problem. Since the state's establishment, no new consulates have opened in the Israeli controlled parts of Jerusalem. Israel refuses to allow new consulates to operate under the existing guidelines, that is without recognizing Israel's sovereignty over Jerusalem. The remaining countries still

Latin America & Caribbean

NPC Vice Chairman Receives Argentine Visitors

*OW2408111093 Beijing XINHUA in English 1014
GMT 24 Aug 93*

[Text] Beijing, August 24 (XINHUA)—Ni Zhifu, vice-chairman of China's National People's Congress (NPC) Standing Committee, met with Mario Losada, president of the National Committee of Radical Civil Union of Argentina, and his party here this afternoon.

Losada, who is also senator of the Argentine Senate, and his party arrived here last Sunday [22 Aug]. In addition to Beijing, they are scheduled to visit Dalian.

Ecuadoran Foreign Minister To Visit

*OW2508093193 Beijing XINHUA in English 0738
GMT 25 Aug 93*

[Text] Beijing, August 25 (XINHUA)—Dr. Diego Paredes Pena, foreign minister of the Republic of Ecuador, will pay an official visit to China from September 4 to 12 at the invitation of Chinese Vice-Premier and Foreign Minister Qian Qichen.

A Chinese Foreign Ministry spokesman made this announcement here today. This is the first visit to China by Dr. Diego Paredes Pena since he assumed the office as foreign minister.

During the visit, he will attend the opening ceremony of the meeting of the Fifth Sino-Ecuadorian Mixed Committee of Economic Relations and Trade.

Political & Social**Spokeswoman Rejects Linking MFN, Dissident's Fate***HK2508073493 Hong Kong RTHK Radio 4 in English
0500 GMT 25 Aug 93*

[Text] China has rejected the veiled warning from the United States that the expulsion of labor activist Han Dongfang might affect renewal of its most-favored-nation [MFN] trading status.

The U.S. State Department said yesterday that Mr. Han's case would be examined when the administration decide on extending MFN next year. However, a Foreign Ministry spokeswoman in Beijing said it was unreasonable to link MFN with other issues. Mr. Han was expelled to Hong Kong nearly two weeks ago when he tried to return to China from abroad.

Visiting American Congressman John Porter says he will sponsor a Congress resolution to offer Mr. Han political asylum in the United States if Beijing continues to prevent him from reentering China. Mr. Porter said Washington could also bring pressure to bear on China if any Hong Kong residents found themselves in the similar position to Mr. Han after 1997. He was asked where he thought pressure could be applied.

[Begin Porter recording] Well, MFN is something that has been discussed over and over again, as a pressure point. The Olympics in the year 2000, things that China wants that the United States has some control over; membership of international organizations and the resources that flow from those memberships, like the World Bank and the IMF, diplomatic pressure points. [end recording]

Mr. Porter said it was very unlikely, however, that China's MFN status would be withdrawn. He was asked whether he thought the revocation of MFN was an empty threat.

[Begin Porter recording] I am not the president, and the president may decide he's actually going to withdraw MFN. That could happen, obviously, but I think it's very much a blunt instrument and it will only be used in the most extreme cases, frankly. [end recording]

Han Dongfang's Activities 'Opposing' Government Detailed*HK2508042893 Hong Kong TA KUNG PAO in Chinese
24 Aug 93 p 8*

[Article by Hsieh Ming (6200 7686): "What Has Han Dongfang Done?"]

[Text] The spokesman of the XINHUA Hong Kong Branch said that because Han Dongfang was engaged in activities abroad opposing the Chinese Government, China's exit and entry administrative department, in accordance with law, has announced the nullification of his passport and will not allow him to enter the country.

In what way has Hang Dongfang violated the Chinese Constitution?

On 27 April this year, Han Dongfang attended the symposium "New Century, a Challenge to Democracy" held in Washington by the U.S. State Democracy Funds and was the first awarded the "State Democracy Funds 1993 Prize." U.S. President Clinton said he thought highly of Han Dongfang's courage in being the first to set up an "independent free trade union" in China and Clinton extended his "admiration" and "congratulations" to Han. Clinton also was "courteous to the wise and condescending to the scholarly," and asked Han: How do you think I should handle the issue of the most-favored-nation trade status for China? Han said that in addition to attaching the human rights condition, it is necessary to demand that China permit "freedom of association" and by exerting pressure, to ask China to promise that "Chinese workers can set up their own independent trade unions." He also said that in this way, "more can be accomplished in promoting democracy" on China's mainland. Clinton replied, "Thank you for your suggestions. I'll do my best." Evidently, Han Dongfang lost his national dignity and begged a big shot of a foreign government to impose sanctions against China and to seriously harm the important economic interests of the country and the people in order to support his acts of subverting China. Does such wanton antagonistic behavior on the part of Han Dongfang not show that he has completely abandoned China and divorced himself from the ranks of Chinese citizens?

This year, Han Dongfang illegally attended, in the capacity of a "nongovernment representative of China" or a "representative of the free trade union of China," the Vienna International Human Rights Conference and the Geneva International Labor Organization Conference, and he opposed and attacked China.

Referring to provisions of the "Convention on Minimizing the Situation of People Without a Nationality," a convention adopted at the UN General Assembly in 1961 which China has not signed, and which states that if "the person concerned goes against his duty of being loyal to a signatory state," "that signatory state may reserve the rights to deprive him of his nationality," the announcement made by China's exit and entry administrative department on the nullification of Han Dongfang's passport is in conformity with the principles of international law. When some people negated the provisions on the right of a state in the above international convention with the "International Declaration on Human Rights," they overlooked the restrictive term "unreasonably" in the statement that the nationality of an individual "is not to be unreasonably deprived." The relevant UN convention affirms "reasonable deprivation" and this is not contradictory to the "unreasonable deprivation" in the human rights convention at all. Besides, various countries implement the "International Human Rights Convention" through the implementation of their respective domestic laws. No human right of an individual should be placed above the rights and interests of all the people of a country or above the interests of a country, and no human right of an individual should infringe on the interests of a country's sovereignty. All these are clearly written in Article 51 of the Constitution of the People's Republic of China.

Spokesman Says Dalai Lama 'Welcome' To Return

OW2508074393 Beijing XINHUA in English 0719
GMT 25 Aug 93

[Text] Beijing, August 25 (XINHUA)—A Chinese Foreign Ministry spokesman said here today that the Dalai Lama is welcome to end his exile and return to the motherland.

The spokesman made this remark when asked by reporters on whether the dialogue between the Chinese Central Government and the Dalai Lama is actually underway after Gyalo Phondup, Dalai Lama's brother, had reportedly visited China recently.

The Dalai Lama told a press conference in New Delhi on August 12 about his brother's trip to China.

The spokesman said the affairs of Tibet are an internal business of China's, and that the door of negotiation between the central government and the Dalai Lama remains widely open.

Except independence of Tibet, the spokesman noted, all other questions can be negotiated.

"We hope that the Dalai Lama will stop his activities of splitting the motherland and give up his position for 'Tibetan independence,'" the spokesman added.

"The Dalai Lama is welcome to end his exile as early as possible and return to the motherland so as to make his contributions to safeguarding national unity and enhancing ethnic fraternity, and do something useful for the welfare and happiness of the Tibetan people," the spokesman said.

Jiang Said Expanding Influence on Propaganda

HK2408130793 Hong Kong TANGTAI in Chinese No
29, 15 Aug 93 pp 9-10

[Article by Lu Yu-sha (7627 6276 2619): "Jiang Zemin Summons 'Huangfu Ping' to Beijing for Help"]

[Text] Personnel arrangements of the CPC's higher-level leadership have now come to a rather subtle stage. As a very little change in the original decision may lead to an enormous difference in the final outcome, every member of the CPC higher leadership is making his own calculations. A noteworthy personnel transfer has taken place at this moment—former chief editor of the Shanghai JIEFANG RIBAO, Zhou Ruijin, has been ordered to transfer to Beijing as executive deputy editor in chief of RENMIN RIBAO, the official newspaper of the CPC Central Committee.

Zhou Ruijin Could Not Defy, But Only Obey the Firm Order

All insiders remember that after Deng Xiaoping's southern tour and visit to Shanghai the year before last, the Shanghai JIEFANG RIBAO carried a series of signed articles by an author called Huangfu Ping, to disclose all the gists of Deng Xiaoping's remarks. But Li Peng and former CPC Central Committee Propaganda Department

director Wang Renzhi (who has been reappointed secretary of the party committee of the China Academy of Social Sciences) knew nothing about the inside story when these article were published. So they sent someone to Shanghai to investigate the case. Only after the investigation did they find out that the author Huangfu Ping was the pen name for a group of three writers, of whom Zhou Ruijin was the principal one. Zhou often offered some innovative ideas, while his two partners were responsible for writing and retouching.

To be sure, personnel change is nothing unusual. But Zhou Ruijin's being transferred to Beijing was an arrangement by Jiang Zemin's own order. A well-informed source said Zhou Ruijin himself was not quite willing to accept the appointment. But as Jiang Zemin had specially designated him, he could not but obey the firm order.

Events Occurring at RENMIN RIBAO

Then why was Jiang Zemin so serious with summoning Huangfu Ping to Beijing?

The informed source said Jiang Zemin, after being elected general secretary, had realized that his influence on the propaganda front was limited. Recently, some events that happened in the central propaganda system made him still strongly feel the need of reinforcing his power over the propaganda front. Of these events, the principal ones took place at RENMIN RIBAO.

On 7 July this year, Jiang Zemin summoned RENMIN RIBAO director and chief editor Shao Huaze to see him. He criticized RENMIN RIBAO for five issues. 1) The case of the Great Wall Science and Technology Company (that of fund raising disputes which caused a furor a month before) revealed that RENMIN RIBAO's reporters had accepted a remarkable amount of bribes. 2) The Tianheng Company, directly subordinate to RENMIN RIBAO, had reaped colossal profits by illegally selling passports to peasants. 3) The SHIDAI CHAO [TIDE OF THE TIMES] magazine, run by the Domestic Political Department of RENMIN RIBAO, had been compiling a *Third-Generation Leaders Who's Who*. In this connection, the magazine had written to central, local, and Army leading organs to ask them to provide information about cadres holding deputy posts at the ministerial, provincial, and Army levels. Thus, it was regarded as having overridden the party central leadership's authority in preparing a "name list of third-generation leaders." 4) XINXI YU REDIAN [INFORMATION AND HOT SPOTS], a publication for internal circulation within the Editorial Office of RENMIN RIBAO, had reprinted an article entitled "Deng Xiaoping on Reform of Journalism" originally carried by the March issue of a certain Hong Kong-based monthly, but the information revealed by that article was said to be untrue. So the publication had committed a mistake in reprinting that article without prior verification. 5) The General Editorial Office had organized reporters to write a report for internal circulation entitled "Baigou Launches a Massive Operation Against Pornography, Which Seriously

Interferes With Reform and Opening Up." The writing and publication of this report had turned out to be a scandal in press circles.

Leaders of the Press Have Been Indirectly Doing Business

"Profit-making news coverage" has become a common practice among journalists in Mainland China in recent years. On 4 August, Ding Guangen, head of the Propaganda Department of the CPC Central Committee, presided over a forum on banning "profit-making news coverage." Officials in charge of all the major mass media organizations were present at the forum. Formerly Jiang Zemin had not paid much attention to this phenomenon. He later learned that officials in charge of some major mass media organizations had been indirectly doing business as well (for instance, Yang Shiguang, director of the Central Television Station, who was present at that forum too, had pushed some staff members of his television station to buy stocks of companies run by Yu Zuomin of Daqiuzhuang, Tianjin; with 5,000 yuan worth of stocks apportioned to each stock buyer, many staff members of the Central Television Station have become shareholders of companies run by Daqiuzhuang). Having learned about cases like this, Jiang Zemin felt that he needed to have a say on the operation of propaganda organs.

A Step Has Been Taken To Summon His Trusted Shanghai Followers to the Capital

An authoritative source pointed out that the transferring of Zhou Ruijin to work at RENMIN RIBAO was actually a step Jiang Zemin has taken with a view to summoning his trusted Shanghai followers to Beijing (although Zhou Ruijin may not be counted as one of Jiang Zemin's trusted followers; after all, both of them are from Shanghai and have long been working with each other as partners). Jiang Zemin earlier promoted one of his trusted Shanghai fellows, Zeng Qinghong (former deputy secretary of the Shanghai municipality party committee), to be director of the General Office of the CPC Central Committee; meanwhile he also appointed Gong Xinhan (former deputy director of the Propaganda Department of the Shanghai municipality party committee) as deputy director of the Propaganda Department of the CPC Central Committee. Now, again, he summoned Zhou Ruijin to Beijing. The transfer of Zhou to Beijing may also serve as an indication of Jiang Zemin's firm support for the Deng Xiaoping line.

But Zhou Ruijin has reluctantly accepted this appointment, because he knows that it will be a tough job for him to be a mandarin. Soon after he arrived in Beijing, a rumor had it that he would replace Shao Huaze. This has placed him in a still more awkward situation. Whether Jiang Zemin will or will not be able to dominate the propaganda front as a key sector will depend on future developments.

Zhu Rongji Reportedly Facing Local Opposition

HK2408130093 Hong Kong TANGTAI in Chinese No 29, 15 Aug 93 pp 12-13

[Article by He Po-hsih (0149 0130 2457) from Beijing: "Zhu Rongji's Orders Can Hardly Be Carried Out—The

Central Authorities' Ability To Regulate and Control Local Authorities Has Been Significantly Weakened"]

[Text] The fate of Zhu Rongji's macroeconomic regulation and control measures will hinge on the extent to which localities are willing to cooperate with him. The promulgation of Document No. 6 of the CPC Central Committee has not found an echo among various localities thus far. The central and local authorities have failed to reach consensus on the "16 Regulations." When relaying the document, some local leaders just read out the document and recited the central spirit, but stressed the necessity of doing things in strict accordance with Deng Xiaoping spirit. For instance, after reading out the Document No. 6, Hunan leaders stressed: "We will forever bear in mind Comrade Xiaoping's instruction that development is the principal and fundamental task so as to correctly handle relations between regulation and control on the one hand and development on the other and make it clear that regulation and control are just a means whereas development is the goal. Under no circumstances should we put the incidental before the fundamental." The leaders of several other provinces have also started studying ways and means aimed at making a detour after relaying the document.

Local Power Is Growing With Each Passing Day

The gradual transfer of economic decisionmaking power from the central level to the local level has no doubt been a remarkable political change in China in recent years. The change has stemmed from a financial reform that began in the mid-1980s and resulted in a redefinition of both central and local powers.

The improvement and rectification campaign launched between the latter half of 1989 and 1992 successfully slowed down a tendency toward weaker central authority and stronger local authority, a tendency evidenced in the last few years. Since a series of speeches made by Deng Xiaoping during his South China tour were published, evoking widespread repercussions, the overall situation took a dramatic turnaround. Over the past few years, the localities have expanded their powers, this being the most important political and economic phenomenon in China at the moment (and this is expected to last into future).

The growing local power has mainly been manifested in the following aspects:

First, restrictions placed by the central level on the local level have become much less effective while the central level's decisionmaking powers relating directly to the local operations have been reduced. Moreover, the central level's regulation and control of the local level have also become outdated and ineffective to a large extent. On the other hand, the local level's decisionmaking powers have been continually expanding in both magnitude and scope. The localities have also invented various "local countermeasures capable of offsetting the central policies." As a result, the central authorities have found it difficult to cope with the new situation.

Second, a large number of specialized economic departments jointly managed by the central and local authorities, such as banking, financial, taxation, as well as other departments, have turned from departments managed mainly by the central level into departments managed mainly by the local level. In most cases, locally based specialized economic departments will consult with the relevant local governments on whether the relevant central instructions and decisions should be implemented or not and how to implement them.

Third, some localities have demanded in no uncertain terms that the central authorities should abolish more specialized state economic ministries and commissions by virtue of the on-going institutional reform so as to pull down more administrative barriers. At the Eighth National People's Congress [NPC], 210 out of 2,800 deputies voted against an institutional reform proposal put forth by the State Council, while 292 deputies abstained. Another 40 deputies did not cast their votes. The vote became the most controversial one at the Eighth NPC. Several deputies who had voted against the proposal later said that the proposal was not strong enough and too conservative. They complained that the proposal failed to promise to abolish a host of overlapped administrative powers and barriers in a large number of government institutions.

Fourth, localities now have more say in some domains that generate huge and instant economic benefits, such as real estate projects, social funds raising, foreign investment, and joint venture projects. Another feature of growing local power is that localities below the provincial level "tend to make more decisions without consulting the higher levels," give no heed to the central, provincial, or municipal instructions, and implement only instructions favorable to them.

Localities have employed the following measures to expand their powers: To counter central policies by adopting local policies aimed at catering to local characteristics, namely, "countering central policies with local policies," to "act first and report afterwards," force the central level to give tacit consent to a fait accompli, and refuse to go through relevant examination and approval procedures by "acting without reporting to the central level;" to formulate local regulations aimed at interpreting and redefining the state laws and policies in a way favorable to local interests.

Cause of Changes in Power Relations

The central level's dwindling regulation and control scope and the local level's decisionmaking power expansion are nothing but a rational and natural outcome. First, China's gradually progressive reform, which has been conducted by crossing the river by touching the stones, has called on, encouraged, and given tacit consent to the localities to take a further step by carrying out relevant experiments. As a result, numerous different types of local policies have been mapped out. On the other hand, both general plans and relevant laws formulated by the central level on the basis of summing up experiences tend to lag behind actual developments. Thus it often occurs that the local level pushes

the central level forward in this regard. Second, the central policies and state laws are often the principles that lack specific procedures and due applicability whereas the local policies are often more specific, applicable, and likely to embody the local will and intention. Third, the large-scale reduction of state plans, especially mandatory state plans, has weakened the traditional central control of the localities to a large extent. Fourth, the reduction of mandatory state plans has been accompanied by both a continual expansion of the local financial power and financial inadequacy at the central level. Since a sizable proportion of local investment has been raised locally, localities now have much say in raising and using funds.

Over the past year and more since Deng Xiaoping made a series of speeches during his South China tour, the central level's macroeconomic regulation and control have yielded much fewer results than in any other period of China's reform. The main reason is: After Deng Xiaoping called for "further emancipating the mind, becoming bolder, speeding up the pace, grasping opportunities, and entering a new stage," it took some time for the central level to readjust its policies. On the contrary, the local level immediately worked out a series of new goals and new policies aimed at expanding opening up. The central level tightened control over the money market in the period of improvement and rectification. As soon as such control was loosened up, a huge amount of energy was unleashed. Moreover, quite a few localities believed that the market economy aims at further reducing the central level's regulation and control as well as government intervention with the result that both central and local governments lost control of the situation. Under such circumstances, power entered the market, thus making a stormy sea stormier. That government organs started running enterprises (or enterprise groups) and state financial departments directly intervened in various sensitive market areas made it difficult for both central and local governments to carry out regulation and control, stimulated an outflow of funds, and weakened the government economic regulation and control capacity.

It should be noted that actual changes regarding power relations between the central level and the local level differ from one area to another, especially between the hinterland areas and the coastal areas and between the poverty-stricken areas and the developed areas. Nonetheless, they have been following the same general trend, namely, a trend characterized by growing local power and strength on the one hand and dwindling central regulation and control capacity on the other.

Discipline Inspection Commission Issues Communiqué

*OW2508075393 Beijing XINHUA in English 0732
GMT 25 Aug 93*

[Text] Beijing, August 25 (XINHUA)—The Second Plenary Session of the Central Commission for Discipline Inspection of the Communist Party of China (CPC) issued a communiqué here today, stressing that the anti-corruption struggle is long, arduous and urgent and that it

is necessary to carry out a protracted struggle against corruption and to score successes in different periods.

The plenary session was held in Beijing from August 20 to 25. Attending the session were 106 members of the CPC Central Commission for Discipline Inspection. Present were also leaders of discipline inspection and supervision organs in provinces, autonomous regions, municipalities, central authorities and state departments, the People's Liberation Army and Armed Police.

Wei Jianxing, member of the Political Bureau and of the Secretariat of the CPC Central Committee and secretary of the CPC Central Commission for Discipline Inspection, presided over the session. The session examined and approved the report on "deepening the anti-corruption struggle in the new situation to ensure full implementation of the basic line of the party," delivered by Wei Jianxing on behalf of the Standing Committee of the CPC Central Commission for Discipline Inspection.

Jiang Zemin, general secretary of the CPC Central Committee, delivered an important speech at the session. The participants earnestly studied and discussed Jiang Zemin's speech, and unanimously agreed that the speech is of profound significance in guiding the anti-corruption struggle in the new situation, strengthening the building of the party and the construction of the political power, and guaranteeing smooth progress in the reform and opening up as well as economic development.

While affirming the achievements already made in the anti-corruption struggle, the communique points out that negative and corruptive manifestations are still growing and spreading in some areas. The anti-corruption struggle is hard. The negative and corruptive manifestations, if not overcome resolutely, will ruin the party, the people's political power and the great cause of socialist modernization.

The communique says that the plenary session put forward ideas and measures for the anti-corruption struggle in the new situation. This struggle should be closely combined with the implementation of important reform steps and administrative and economic decisions.

It notes that the anti-corruption struggle should stress two tasks: first, resolutely punishing corrupt elements, and second, resolutely overcoming various negative and corrupt phenomena, including the correction of various unhealthy trends.

The communique calls for efforts to step up research on legislation and formulation of policies against corruption. Actions should be timely regulated, and punishment of corruption should have a legal basis. Comprehensive measures should be made to wipe out both corrupt manifestations and their root-causes. During the anti-corruption struggle, it is necessary to strengthen ideological and political education among the party members.

The communique says that the whole party should tackle three things: first, leading officials of the party and administrative organs should take the lead in keeping themselves

honest and clean and be strict with themselves; second, investigate and handle a number of major cases; and third, resolutely halt misconducts that the broad masses of the people strongly resent.

The communique calls for efforts to supervise the implementation of the measures formulated by the party central committee and the state council for enhancing and improving macro-economic regulation. It is necessary to resolutely investigate and penalize those seriously violating the principle of democratic centralism, such as disregarding orders and prohibitions, to make sure that all policies and orders are implemented to the letter and to safeguard the authority of the party central committee and the state council.

The communique stresses that the following principles must be followed in the anti-corruption drive: adhere to the party's basic line, closely center on economic construction and serve to promote reform, construction and development; the anti-corruption drive at present should be carried out primarily in the leading offices of the party and government, judicial departments, law-enforcing administrative departments and economic administrative departments; start with leading officials, senior officials in particular, including aides of leading officials; rely on the masses in the anti-corruption drive but no mass campaign will be launched.

The communique calls on the whole party to rally still more closely around the party Central Committee with Jiang Zemin at the core, and carry out the immediate tasks in the anti-corruption drive with concrete action.

Further on Document

CM2508165093 Beijing XINHUA Domestic Service in Chinese 0849 GMT 25 Aug 93

[Text] Beijing, 25 Aug (XINHUA)—Communique issued by the Second Plenary Session of the CPC Discipline Inspection Commission on 25 August 1993

The CPC Central Commission for Discipline Inspection held its second plenary session in Beijing from 20-25 August 1993.

The session was held in a situation in which China's national economy is maintaining a momentum of rapid development, and various reforms concerning the establishment of a socialist market economy and opening to the outside world are achieving new progress. Guided by Deng Xiaoping's theory on building socialism with Chinese characteristics and the outlines of the 14th CPC National Congress, the session reviewed the ideas and practices in the anti-corruption struggle in the new situation and clarified the tasks of the struggle in the near future.

Attending the session were 106 members of the CPC Central Commission for Discipline Inspection, and present were also leaders of discipline inspection and supervision organs of all provinces, autonomous regions, municipalities, central authorities and state departments, the People's Liberation Army, and Armed Police.

Wei Jianxing, member of the Political Bureau and of the Secretariat of the CPC Central Committee and secretary of the CPC Central Commission for Discipline Inspection, presided over the session. The plenary session examined and approved the report on "deepening the anticorruption struggle in the new situation to ensure the full implementation of the basic line of the party" delivered by Wei Jianxing on behalf of the Standing Committee of the CPC Central Commission for Discipline Inspection.

Jiang Zemin, general secretary of the CPC Central Committee, delivered an important speech at the plenary session. Present on the occasion were the members of the Standing Committee of the Political Bureau, members and alternate members of the Political Bureau, and members of the Secretariat, of the CPC Central Committee, who were in Beijing, as well as leaders of the relevant departments.

The meeting earnestly studied and discussed Comrade Jiang Zemin's important speech, and unanimously agreed that Comrade Jiang Zemin's speech has elaborated Comrade Deng Xiaoping's important views on improving the work style of the party, strengthening the building of a clean and honest government and fighting against corruption, expounded the importance and urgency of the current anticorruption struggle, and clarified the guideline and principles to be followed during the anticorruption drive. The meeting agreed that the speech has profound significance for guiding the anticorruption struggle in the new situation; strengthening the building of the party and the construction of political power; and ensuring the smooth progress of the reform, opening drive, and economic construction.

The plenary session analyzed the current situation of the anticorruption struggle in a practical and realistic manner. It pointed out that the CPC has always attached importance to the fight against corruption. Since the Third Plenary Session of the 11th CPC Central Committee decided to shift the work focus of the party and state to economic construction, Deng Xiaoping and other veteran proletarian revolutionaries have time and again admonished the whole party that it is still necessary to pay top attention to the work style of the ruling party after the shift. While adhering to the principle of placing economic construction at the center, the whole party has always listed anticorruption, improving the work style of the party, and building a clean and honest government high on the agenda.

Since the Fourth Plenary Session of the 13th CPC Central Committee, the central collective leadership with Comrade Jiang Zemin as the core has insisted on the strategic principle of effectively promoting both material civilization and socialist ethics, adopted a series of important measures to improve the party work style and build up a clean and honest government, and achieved results. The main trend among the ranks of the party is good. The achievements in the anticorruption struggle should be fully affirmed. However, negative and corrupt manifestations grow and spread in some areas. The anticorruption struggle is hard. If the negative and corrupt elements are

not resolutely overcome, they will ruin our party, ruin our people's government, and ruin our socialist modernization cause. We must keep our minds sober about this.

In line with the requirements of the new situation, the plenary session advanced new ideas and measures for the anticorruption struggle. Anticorruption work should be closely combined with the implementation of important reforms, and administrative and economic decisions. Anticorruption should also stress two tasks: First, resolutely cracking down on corrupt elements, and second, resolutely overcoming various negative and corrupt phenomena, including the correction of various unhealthy trends. Studies in the legislation and formulation of policies against corruption should be strengthened, actions should be timely regulated, and punishment of corruption should have a legal basis. Comprehensive measures should be implemented to wipe out both corrupt manifestations and their causes. During the anticorruption struggle, for the party members, it is chiefly to strengthen ideological and political education.

The plenary session stressed that the anticorruption struggle is long, arduous, and urgent. It is necessary to carry out a protracted struggle against corruption as well as to score successes during different periods. Following the arrangements and requirements of the CPC Central Committee, the whole party should give stress to three tasks and achieve periodic results in the near future.

First, leading officials of the party and administrative organs should take the lead in observing clean standards and self-discipline, and should set good examples by conscientiously implementing the regulations issued by the party central committee for improving the work style of the party and strengthening the building of a clean and honest government. In line with the current circumstances, the requirements for leading officials at and above the county (division) level at the party and government organs are listed and reiterated as follows: 1) None is allowed to engage in commerce; operate enterprises; engage in paid media activities; or use power to provide any preference for spouses, children, relatives or friends in opening commercial businesses or enterprises; 2) none is allowed to hold any concurrent post (including honorary post) in an economic entity, and the few who have been given approval to hold such concurrent posts shall not get any remuneration; none is allowed to apply for reimbursement that should be paid from the private purse from subordinate units or other enterprises or institutions; 3) none is allowed to trade in stocks; 4) none is allowed to take gifts in the form of money or negotiable securities in the course of public activities, or to accept credit cards offered by subordinate units or other enterprises or institutions, or to use institutional credit cards for personal purposes; 5) none is allowed to acquire membership in any club or to participate in any expensive recreational activity, by using public funds.

Second, investigate and handle a number of major cases. Emphasis will be placed on law-breaking and discipline violation cases involving leading party and government

departments, leading officials, judicial departments, law-enforcing administrative departments, economic administrative departments, as well as personnel from these departments. Resolute measures will be made to deal with those seriously interfering in and hindering the investigation of corrupt cases.

Third, resolutely halt misconduct that the broad masses of the people strongly resent. Efforts will be concentrated on stopping the nationwide misconduct of collecting unwarranted fees. The stress will be on government offices and their subordinate organizations which abuse their power in collecting unwarranted fees. Meanwhile, action will also be taken to halt the misdeed of using public funds to visit other countries or for tours abroad. In line with their current circumstances, various localities, departments and trades must concentrate on taking special measures to solve several key problems in the short term. It is imperative to reiterate that party and government offices at all levels must not go into business, and that businesses set up by these offices must be thoroughly cut, in accordance with related rules and regulations, their ties with their original units. Accounting of revenues and expenditures must be done separately, and all law enforcement departments must hand over the fines they collected and the articles they confiscated to higher authorities while their expenses they need will be appropriated from the budgets of governments at all levels.

The plenary session urged that efforts be made to supervise and check the implementation of the measures formulated by the party central committee and the State Council for enhancing and improving macroeconomic regulation. It is necessary to resolutely investigate and penalize those seriously violating the principle of democratic centralism, and those ignoring organization and discipline by disregarding orders and prohibitions, to make sure that all policies and orders are implemented to the letter and to safeguard the authority of the party central committee and the State Council.

The plenary session stressed that the following principles must be followed in the anticorruption drive: Adhere to the party's basic line, closely center on economic construction and serve the promotion of reform, construction and development; carry out the anticorruption drive at present primarily in the leading offices of the party and government, judicial departments, law enforcement administrative departments and economic administrative departments; start with leading officials, senior officials in particular, including aides of leading officials; handle cases strictly in accordance with the law, follow the principle of using facts as the basis and the law as the criterion, and thoroughly investigate and handle cases violating the law and discipline; rely on the masses in the anticorruption drive but launch no mass campaign; combine anticorruption with upholding upright trends, and make great efforts to publicize and commend those advanced units and people who are honest and selfless and dare to challenge corrupt trends, so as to promote the good trend of loving the people and working diligently and with devotion.

The plenary session pointed out that anticorruption should be grasped well as a major political task. Under the leadership of the party committees at all levels, the whole party should be mobilized and party organizations and government departments should join hands, with chief party and government leaders assuming full responsibility. The party committees and governments at all levels should always adhere to the strategic principle of promoting material civilization and socialist ethics at the same time. Focusing on economic construction, they should enhance anti-corruption efforts and make sure to improve the party and government work style, so that the reform, opening drive and economic development are resolutely promoted and anti-corruption and a good party work style are resolutely enhanced.

The discipline inspection and supervision departments shoulder an important responsibility in helping improve the party's work style, in building an honest government, and in the anticorruption drive. The party committees and governments at all levels should enhance their leadership over discipline inspection and supervision and support the discipline inspection and supervision departments to fulfill their duties. The discipline inspection and supervision departments should adapt themselves to the new situation, emancipate the mind, seek truth from facts, and improve themselves in the spirit of reform so as to do well in both discipline inspection and supervision and raise their work performances to a new level.

The plenary session is convinced that the CPC will effectively check and eliminate corruption by relying on its own strength and on the people's support, and turn China into a prosperous, strong, democratic and civilized socialist modern state.

The meeting called on the whole party to restudy Comrade Deng Xiaoping's important theories on improving the party's work style, enhancing the construction of a clean and honest government and fighting against corruption, to implement the guidelines in the speech made by Comrade Jiang Zemin at the session, rally still more closely round the party Central Committee with Comrade Jiang Zemin as the core, implement the immediate tasks in the anticorruption drive with concrete action, deepen the anticorruption drive, and work for the full implementation of the party's basic line.

Editorial Urges Resolute Fight Against Corruption
HK2508033593 Hong Kong TA KUNG PAO in Chinese
21 Aug 93 p 2

[Editorial: "Resolutely Fight Corruption"]

[Text] The Second Plenary Session of the Central Commission for Discipline Inspection was opened yesterday to specifically discuss the anticorruption problem. General Secretary Jiang Zemin will make an important speech at the meeting and a mammoth anticorruption struggle will soon emerge in China. Before this, the State Council promulgated the Temporary Regulations on State Civil Servants and the "five forbidding" rules prohibiting leading cadres from running business, doing part-time jobs

in economic entities, buying and selling shares, accepting gifts, and using public funds for recreational purpose. This, in fact, raised the curtain for the struggle. When the corrupt phenomenon is rapidly spreading to various localities in the country, when the number of cases is increasing every day, and when the situation is becoming more serious, it is indeed an urgent task to launch this anticorruption struggle. Recently, people have frequently discussed the corrupt phenomenon and they hate it very much. This struggle will certainly be cordially welcomed by the broad masses of people.

We should admit that along with the deepening of the reform and opening up and the development of market economy, China's economy has acquired unprecedented vitality and vigor and the country's situation has changed tremendously. Thus, some people think that "corruption is unavoidable," "to develop the economy, we must tolerate corruption," and "let us first develop the economy and fight corruption later on." These ideas are naturally incorrect because the consequence of corruption "will cause deterioration of the whole economy from another side and, when this happens, it will lead to a world of rampant corruption, theft, and bribery." If we let corruption develop freely, the corrupt phenomenon will wreak havoc everywhere and, as time goes by, the quantitative change will lead to qualitative change but by then it will be too late to launch a struggle against corruption and the country can topple overnight. This is not alarmist talk!

According to an old saying, "when the upper roof beam is not straight, the lower roof beam is twisted, and when the middle roof beam is not straight, the roof collapses." The struggle against corruption this time precisely follows this principle and begins with the leading departments. This is very correct. The meeting said that it is necessary to "begin grasping from the leading cadres at or above provincial (ministerial) levels" and "let one level grasp the next lower level." This indicates great determination. We can envisage that the emergence of many major and serious cases will be closely related to discipline and law violation among leaders at various levels and to their behavior in perverting the law for bribes. Only when "one level grasps the next lower level," beginning with the central authorities, will the major and serious cases be discovered one by one. The Central Commission for Discipline Inspection has said that the main task in the current anticorruption struggle is to grasp several problems which seriously affect economic construction and reform and opening up, which hinder and obstruct the implementation of the state's macroeconomic regulation and control measures, and which cause strong grievances among the people. This really hits the point.

In the anticorruption struggle, we have to resolutely hit and punish the corrupt elements who have committed serious crimes. On the other hand, we have to resolutely overcome various kinds of negative corruption phenomena. The latter is mainly a problem among the people and should be dealt with mainly by education and prevention measures. Regarding the unhealthy practices and the

hottest issues against which the people have strong grievances, for example, cadres running business, using public money to eat and drink, and random collection of fees, these should be dealt with specifically and properly sorted out. At present, some state civil servants cannot keep themselves clean and abide by the law. Whenever a chance arises, they will seek private interests. These kind of people cannot do their jobs well and, although they have not breached the law, they should be educated and transferred from their posts. A person who is in charge of a department should be responsible for the things which happen in that department and be pursued with the responsibility for the problems among the personnel working under him.

There are certainly many reasons for the emergence of corrupt phenomenon but we cannot deny that our imperfect rules and regulations form a very large loophole. Over the years, the state has formulated a series of laws and regulations to fight corruption, providing weapons for the anticorruption struggle. However, when the country is rapidly changing track from a planned economy to a market economy, it is very difficult to establish a whole set of strict behavior norms which can promote the development of a market economy and, on the other hand, effectively prevent and check the corruption phenomenon. The lag in legal system building is an actual problem facing China. At the same time, when we formulate new systems and new laws and regulations according to the new conditions and new issues to block the loophole which causes corruption, it is obviously necessary to actively support the broad masses of people in carrying out supervisory activities.

Economic construction is China's central work. Therefore, the anticorruption struggle is never to cause us to give up or slacken economic construction. On the contrary, developing the economy is the basic way to remove the corrupt behavior and overcome the unhealthy practices, as well as a strong motive force for clean government building. When the economy develops, we will have increasingly abundant material supplies, and will probably be able to reduce and remove many unhealthy practices such as "profiteering" and "going through the back door" and the soil which breeds the corrupt phenomenon will probably cease to exist. Some people say that a "market economy induces corruption" but this is not the sole aspect of the problem. The negative side of the market will cause corruption but some countries which promote market economy also have relatively clean governments, indicating that corruption is not unavoidable. In the final analysis, the development of a socialist market economy in China is conducive to the struggle against corruption. We can believe that, after this struggle, so long as we can continuously develop the economy, deepen the reform, and at the same time constantly take measures to fight corruption, the ugly phenomenon of corruption, which is hated by the people, will surely be checked in China.

Railway Department Initiates Anticorruption Drive

OW2408133393 Beijing XINHUA in English 1323
GMT 24 Aug 93

[Text] Beijing, August 24 (XINHUA)—Illegitimate profiteering in railway carriages or tickets must be firmly halted

and various unwarranted price hikes or charges eliminated, Han Zhubin, Chinese minister of railways, said here today.

At a national meeting for consolidating the country's railway management, which opened here today, Han said that since the ministry carried out the movement to consolidate railway management in May this year, more than 200 kinds of illicit or unwarranted charges have been eliminated, and a number of law-breaking cases involving profiteering in carriages and tickets have been investigated and dealt with publicly.

However, he said, despite the initial results achieved in the past few months, many problems still exist, and some are fairly serious.

He stressed that the anti-corruption drive mounted by the railways is an important part of the country's ongoing fight against corruption.

He said that unwarranted price hikes and charges will be firmly halted; profiteering in carriages and tickets be sternly dealt with; blackmailing of passengers will be stopped; transport discipline will be strictly enforced; and passenger and cargo service charges will be standardized.

Promulgation of Civil Service Regulations Lauded

HK2508072893 Beijing FAZHI RIBAO in Chinese 19 Aug 93 p 1

[Text] The promulgation of the "Interim Regulations Concerning State Civil Servants" marks the official establishment of a system governing civil servants. This is a major change in China's personnel system and also a new beginning for China's government personnel management toward the legal system. Establishing and pursuing the civil servants system in China is an urgent need for both economic and political restructuring and also the inevitable outcome of the development of personnel structural reform.

Comrade Deng Xiaoping pointed out: "The issue of system is more important." A set of strict scientific rules and regulations concerning personnel management is the basic condition for the building of a contingent of high-quality government work personnel. China's existing personnel management, which was suited to the needs of the development of the planned economy, played a positive role in the country's economic and social development. However, as the reform of the economic structure deepens, it cannot meet the needs of the socialist market economy. Particularly the problems in personnel management, such as overcentralized and unitary modes of management; an unsound management system; the lack of a strict responsibility system and of a clear demarcation line between those who do a good job and those who do a poor one; the practice whereby cadres, no matter whether they do well or poorly, can be promoted and not demoted and hired but not fired; a lack of vigor and vitality among cadres; and poor work efficiency, urgently need to be solved through reform.

Establishing and pursuing the civil servants system is a major change in the existing personnel system concerning cadres. The aim of pursuing the system is to improve the quality of the contingent of civil servants as a whole, through a strict and scientific management of civil servants, to meet the needs of China's reform and opening up to the outside world and its socialist market economic structure.

China's civil servant system has rich contents. The system has soundly inherited and developed fine traditions, such as the principle of the party managing cadres, which took shape in the party's management of cadres over the long term; the "four transformations" of cadres; the criterion for using personnel which stresses both political integrity and ability and adherence to the purpose of serving the people wholeheartedly; consolidating and developing the successful experiences in introducing an encouragement mechanism into personnel management in the last ten years; and the system has also used as reference some useful practices in personnel management in other countries, such as pursuing the principles of openness, equality, competition, and selection of the best candidates, the principle of contribution, and the principle of legal management, practices which are conducive to improving the quality of the contingent of civil servants and realizing the management of civil servants according to law. Some countries practice "political neutrality" among civil servants and separate officials handling political affairs and officials doing professional work, thus making the contingent of civil servants a closed system. This does not tally with China's national condition. This is also an outstanding characteristic of China's system of civil servants being different from that in other countries.

The civil servant system characterized by standardization and institutionalization has great vitality, which is manifested mainly in its mechanisms of encouragement and competition and the supersession of the old by the new. Management links, such as recruitment through examination, promotion and demotion in the job, and wages based on work performance assessments, job swaps, resignation and dismissal, and retirement, will enable civil servants to be both promoted and demoted, and hired and fired, and make the contingent of civil servants more energetic. It also has a restraining mechanism for diligent and honest government. Defining the rights, duties, and discipline for public servants and practicing a system of avoidance and of job swaps will serve as a preventive measure against corruption and a yardstick with which to fight corruption and thus promote civil servants into performing official duties honestly and doing their work diligently for the people.

The promulgation of the "Interim Regulations Concerning State Civil Servants" is just the first step taken in establishing and pursuing the public servants system. This is a systems engineering undertaking which will involve a relatively long process. The civil servants system has taken place as reform requires and will surely be further consolidated, developed, and improved in the practice of reform.

NPC Standing Committee Meeting Opens

Qiao Shi Presides

OW2508133593 Beijing XINHUA in English 1250
GMT 25 Aug 93

[Text] Beijing, August 25 (XINHUA)—The Third Meeting of the Standing Committee of the Eighth National People's Congress (NPC), which will last nine days, opened here today.

Today's meeting was presided over by Qiao Shi, chairman of the committee. The meeting heard a report on the results of consideration of an amendment to the economic contract draft law, delivered by Wang Shuwen, vice-chairman of the NPC Law Committee, and a report on the results of consideration of the anti-unethical competition draft law, delivered by Vice-Chairman of the Law Committee Cai Cheng.

The two law drafts were initially considered by the previous meeting of the Eighth NPC Standing Committee and revised on the basis of suggestions submitted by committee members and experts and departments concerned.

Liu Suinian, chairman of the NPC Financial and Economic Committee, then explained the securities draft law to the members. He said that though China's securities market has played a more and more active role in the country's economic development and economic reform, the construction of a legal system in this respect still largely lags behind.

He said that the enacting of the securities law will play an important role in promoting the healthy development of a socialist market economy, ensuring an open, just, fair, highly-effective and unified securities market, and in safeguarding investors' legitimate rights.

Liu Minxue, director of the State Administration of Industry and Commerce, explained the draft law of the protection of consumers' rights. He said that the law will not only directly relate to consumers' interests but also maintain a sound order in the socialist market economy.

Entrusted by the State Council, Liu Zhongli, minister of finance, explained a draft amendment to the law on individual income tax and the draft of the law of public certificated accountants.

They are expected to help simplify the tax system, ensure fair taxation, and accelerate the transfer of government functions, Liu said.

Cao Zhi, secretary-general of NPC Standing Committee, explained the draft regulations on strengthening examination and supervision of law enforcement. He said that the examination of law implementation is an important form for the NPC to perform its supervision duty.

At today's meeting, members also heard explanations on the draft law of Red Cross, delivered by Vice-Minister of Public Health Gu Yingqi, an agreement on the assistance in civil and criminal judicatures between China and Cuba,

and on the consular treaty between China and Ukraine, delivered by Vice-Foreign Minister Liu Huaqiu.

Li Peng Submits Draft Laws

OW2508124843 Beijing XINHUA Domestic Service in
Chinese 0904 GMT 25 Aug 93

[By reporters Sun Benyao (1327 2609 1031) and Zhang Yinshu (1728 6892 2562)]

[Text] Beijing, 25 Aug (XINHUA)—The Third Session of the Eighth National People's Congress [NPC] Standing Committee took place at the Great Hall of the People this morning.

Chairman Qiao Shi chaired the meeting, which began with the adoption of the session's agenda.

After they were examined for the first time by the last session, the draft amendment to the Economic Contract Law and the draft Law Against Illegal Competition have been resubmitted for examination today. Wang Shuwen and Cai Cheng, vice chairmen of the NPC Law Committee, reported to the session about the results of examining the two draft laws.

Premier Li Peng submitted the draft law for protecting consumers' rights and interests, the draft amendment to the personal income tax law, the draft law on certified accountants, and the draft Red Cross Society Law to the session for examination. At the State Council's request, Liu Minxue, director of the State Administration for Industry and Commerce; Liu Zhongli, minister of finance; and Gu Yingqi, vice minister of public health, explained these four drafts. The NPC Financial and Economic Affairs Committee and the NPC Standing Committee's chairmanship meeting have also submitted the draft law on securities and the draft regulations on intensifying the inspection and supervision of law enforcement to the session for examination. Liu Suinian, chairman of the Financial and Economic Affairs Committee, and Cao Zhifen, secretary general of the NPC Standing Committee, explained these two drafts.

At the State Council's request, today's meeting will also examine the PRC-Cuba accord on judicial assistance in civil and criminal cases and the PRC-Ukraine consular treaty. At the State Council's request, Vice Foreign Affairs Minister Liu Huaqiu will explain these two treaties.

Present at today's session were Vice Chairmen Tian Jiyun, Wang Hanbin, Ni Zhifu, Chen Muhua, Fei Xiaotong, Sun Qimeng, Lei Jieqiong, Qin Jiwei, Li Ximing, Wang Bingqian, Wang Guangying, Cheng Siyuan, Lu Jiayi, Buhe, Tomur Dawamat, Li Peiyao, and Wu Jieping.

Chi Haotian, state councillor; Ren Jianxin, president of the Supreme People's Court; and Zhang Siqing, procurator general of the Supreme People's Procuratorate, attended as observers.

Draft Securities Law Studied

OW2508104393 Beijing XINHUA in English 1023
GMT 25 Aug 93

[Text] Beijing, August 25 (XINHUA)—A draft law on securities was submitted today for deliberation to the National People's Congress (NPC) Standing Committee.

The law is designed to ensure a healthy development of the socialist market economy, protect the interests of investors and ensure fair competition on the securities markets and ensure that they are open, unified and highly efficient, said Liu Suinian, chairman of the Financial and Economic Committee of the NPC.

Liu was explaining the draft to the Third Session of the Eighth National People's Congress Standing Committee which opened here today.

Securities trading has been developing rapidly in recent years, contributing to the overall economic development and the economic reforms, said the official.

Nevertheless, problems have cropped up one after another as there is no law governing the operations of security markets, he noted.

The draft contains 170 articles in 13 chapters, stipulating legal rules on issues including the issuing of securities, securities trading, purchase of securities, arbitration of disputes and the administration of security markets.

According to the draft, a special committee set up under the State Council will take charge of the administration of securities markets throughout China. Local governments will not set up such organizations, Liu said.

The draft permits securities trading outside the bourse to make unlisted stocks marketable. This is also expected to curb black market trading of securities, he said.

As regards bonds, including treasury bonds, there is no need to ban their trading outside the bourse and this policy should be legally established, the official added.

The draft also calls for establishing arbitration committees by securities associations.

At present, China has only two securities markets and, in the future, there won't be many in the country. Because of this, said Liu, it won't be appropriate to let the securities exchanges handle cases of arbitration across the country.

Securities issued before the law becomes effective shall continue to be legal, but those who issued them shall perform the obligations prescribed in the law, Liu said.

Security markets and related organizations set up before implementation of the law begins must apply for licenses to continue their operations, he added.

Briefing Given on Draft Consumer Law

OW2508092793 Beijing XINHUA in English 0747
GMT 25 Aug 93

[Text] Beijing, August 25 (XINHUA)—The third session of the Eighth National People's Congress Standing Committee today heard a briefing on a draft law for protecting consumer rights and interests.

The draft has 57 articles in eight chapters, which stipulate the rights of consumers, the obligations of business operators, settlement of disputes and the legal responsibility when legal rights and interests of consumers are violated.

According to Liu Minxue, director of the State Industry and Commerce Administration, some laws which are already in force are related to protection of consumer rights and interests, including laws on food hygiene, drugs, trade marks and standardization of products.

Nevertheless, Liu said, violations of consumer rights and interests are still common occurrences, due to the fact that protection measures are far from being effective enough. "That's why we need a new law able to provide all-round protection," he said.

Under the draft, consumers enjoy nine rights, including the right to freedom from damage to health and personal safety, the right to compensation and the right to get organized to safeguard their rights and interests.

The draft details 18 obligations for business operators. It demands that advertising of goods and services through any media must not be aimed to cheat or mislead consumers.

Neither are they allowed to make consumers accept their goods or services by force or to cheat in face-to-face transactions. When a consumer suffers physical or property damage or loss through using particular goods, the producers and sellers involved must make due compensation.

If the consumer suffers physical damage, the business operators involved are obliged to pay for his medical expenses and compensate for his financial losses resulting from lost work hours.

If the victim is totally disabled, the business operators must pay for the upkeep of all the victim's dependents. They must also pay for any psychological suffering of the victim, said Liu Minxue.

The draft is intended for cases involving consumer goods. But, said Liu, it could be taken as reference in the handling of cases involving peasants' purchase and use of production means.

Draft Law on Accountants Submitted

OW2508074793 Beijing XINHUA in English 0712
GMT 25 Aug 93

[Text] Beijing, August 25 (XINHUA)—A draft law on registered accountants, drawn up by China's Ministry of Finance, was today submitted to the legislators for deliberation.

Members of the Standing Committee of the National People's Congress (NPC), China's top legislature, will discuss the draft law during a week-long session which opened here today.

Finance Minister Liu Zhongli said that promulgation of the law is aimed at meeting the demands of a socialist market economy and ensuring that registered accountants play a major role in the appraisal, supervision and service of economic activities.

Under the draft law, which is aimed to bring China's accountancy system closer to common international practices, registered accountants are expected to have more power in checking enterprises' financial affairs.

In a motion proposed by the State Council, China's cabinet, Premier Li Peng noted that along with the deepening of China's economic reform, the work of registered accountants has become a key link in transforming the government's functions, restructuring enterprises' operational management, promoting market development and perfecting the social supervision system.

With 2,400-plus accountants offices, China now has about 10,700 registered accountants. Total staff involved amounts to 25,000.

Giving an explanation to the legislators, Finance Minister Liu Zhongli said that China hopes that registered accountants will gradually take over the work of checking and auditing the financial affairs of enterprises, as China's reforms deepen.

This means that the credibility of a shareholding enterprise's accounts, about which stockholders, creditors, potential investors and thousands of interested people care a lot, will depend heavily on the report drawn up by registered accountants after independently auditing the accounts of the company.

"So it is imperative that the registered accountants law be enacted as soon as possible, so that the legal status and the responsibility of the registered accountants is boosted and fixed," Liu said.

The draft law consists of seven chapters and 53 clauses, which clearly define the exams, registration, business scope, nature and legal responsibility of registered accountants.

Under the draft law, audit reports by registered accountants will have legal standing.

Registered bookkeepers and accountants' offices will have to be submitted to the administration of a registered accountants association, the draft law says.

The draft law also proposes that registered accountants should go through national examinations, to raise the quality of China's accountancy staff.

Draft on Law Enforcement Discussed

OW2508112493 Beijing XINHUA in English 1052
GMT 25 Aug 93

[Text] Beijing, August 25 (XINHUA)—Chinese legislators met here today to deliberate on the draft regulations of the National People's Congress (NPC) Standing Committee on inspection and supervision of law enforcement.

"It is an important duty for NPC and its Standing Committee to inspect and supervise the state's law enforcement", said Cao Zhi, secretary-general of NPC Standing Committee.

According to him, the draft regulations which contains 11 articles were worked out on the basis of practical experience for the past few years.

The drafting of the regulations is aimed at enforcing effective implementation of the state's laws and to prevent formalism, said Cao at the Third Session of the Eighth NPC Standing Committee which opened here today.

The draft regulations suggested that the NPC Standing Committee and the various special committees attached to the NPC should make annual inspection plans and work out reports with objective analysis and effective solutions for the problems found in the inspections.

The NPC special committees and the working bodies of the NPC Standing Committee will conduct investigations into any serious cases of illegality which are found during the inspection. If necessary, the cases will be submitted to the Standing Committee for deliberation, but the Standing Committee will not handle the cases directly. The cases will be handled by law enforcement organs strictly according to legal procedures.

Cao said that since China has formulated a great number of laws in recent years, it is impossible for the Standing Committee to inspect the enforcement of all these laws at the same time.

According to the draft, in a period the inspection should give priority to the key problems which crop up in the country's reform and opening up, and economic construction as well as to the ones which the people present strongly.

Draft Red Cross Law Deliberated

OW2508102593 Beijing XINHUA in English 0840
GMT 25 Aug 93

[Text] Beijing, August 25 (XINHUA)—Gu Yingqi, China's vice-minister of public health, today explained a Draft Red Cross Law to the Third Meeting of the Standing Committee of the Eighth National People's Congress [NPC] for deliberation by committee members.

As a member of the International Committee of the Red Cross, Gu said, China needs such a law so that it can implement still more effectively the Geneva Convention in accordance with the basic principles of the Red Cross and Red Crescent movement.

According to the vice-minister, the Chinese Red Cross, with 17 million members in some 130,000 branches, has played an important role in carrying out humanitarian obligations.

But it feels hampered in its work by lack of legal definition of its nature, tasks and functions, said Gu.

Several central government departments had worked on the draft for several years before the State Council decided to submit it to parliament for adoption, Gu added.

The draft has 34 articles in seven chapters on the organization of the Red Cross, the rights and obligations of its members, the use of its emblem, the management of its funds and property as well as its legal responsibilities, Gu said.

Once the draft becomes law, said Gu, the Chinese Red Cross will be obliged to perform the duties stipulated in the Geneva Convention and its additional protocols.

These tasks include disaster relief and other aid to victims of disasters, providing first aid at the sites of disasters, promoting voluntary flood donations and donations of human organs for transplants, Gu added.

Ismail Amat Visits Xinjiang, Stresses Stability

OW2408212393 Urumqi Xinjiang Television Network in Mandarin 1330 GMT 17 Aug 93

[From the "Xinjiang News" program]

[Text] Comrade Ismail Amat, state councillor and minister in charge of the State Nationalities Affairs Commission, recently made an inspection tour of Qiahawuluke Sayi and Nonger Townships in Qira County. He was accompanied by Li Jianzhong, secretary of the Hotan Prefectural Party Committee, and other leaders. [video shows Ismail Amat, in dark glasses and Western business suit, shaking hands with unidentified officials at an outdoor site]

During the tour, Ismail Amat made detailed inquiries of cadres at the grass-roots level and peasants about rural economic development and people's livelihoods. He also visited laborers at the construction site where they were building a road linking Nonger and Boshitan Townships. He highly commended their admirable spirit of self-reliance and hard work.

During his tour, Ismail Amat said in a particularly emphatic tone: At present, stability is a central task that overrides everything else. It is a prerequisite for improving the economy and achieving success in all other fields of work. We must conduct two tasks simultaneously with equal firmness. He said: Hotan enjoys a favorable political and economic situation. The broad masses of cadres and people display a high level of ideological awareness. The attempt by a handful of bad elements to split the motherland and undermine political stability and unity is only wishful thinking. [video shows Ismail Amat sitting on a sofa and speaking to unidentified men]

During his tour, Ismail Amat also heard a briefing by Li Jianzhong, secretary of the Hotan Prefectural Party Committee, on Hotan's political and economic developments.

Chen Yun Inscribes Biography of Zhang Wentian

OW2508065693 Beijing XINHUA Domestic Service in Chinese 0505 GMT 20 Aug 93

[Excerpts] Beijing, 20 Aug (XINHUA)—*The Biography of Zhang Wentian*, which truthfully and comprehensively reflects Comrade Zhang Wentian's life and achievements as well as his lofty character, was published recently by the Contemporary Chinese Publication House. Comrade Chen Yun inscribed the name for this book. [passage omitted]

Comrade Cheng Zhongyuan was commissioned by the Zhang Wentian Selected Works and Biography Editorial Group, a group whose establishment was approved by the CPC Central Committee to compile and write *The Biography of Zhang Wentian*. It took the writer 12 years to complete this historical work which is packed with solid historical material, characterized by sound appraisals, and distinguished by literary merits and substance.

Military

Chi Haotian Praises Troop Command System

OW2008134593 Beijing XINHUA Domestic Service in Chinese 0230 GMT 18 Aug 93

[By correspondent Jiang Wenming (1203 2429 2494)]

[Text] Beijing, 18 Aug (XINHUA)—A very practical, scientific, and effective troop command system has quietly entered many military barracks and has been warmly received by more and more commanders. Chi Haotian, state councillor and defense minister, has praised the system, saying it is quite advanced as a strategy, art, and guide.

It was learned that the system, called the "10 methods of commanding troops in the new period," was developed by Wang An, a researcher at the Academy of Military Science. It has been adopted by many military units. More than 60 military academies have designated it as a required course in troops management. *A Study on Military Management*, a book by Wang An based on the system, has received first prize at the national contest of outstanding research results in public administration.

The main contents of the "10 methods of commanding troops in the new period" are: commanding troops in a

civilized manner, commanding troops in a democratic way, commanding troops with knowledge, commanding troops with feeling, commanding troops with reason, commanding troops with strict discipline, commanding troops according to rules, commanding troops by setting an example, commanding troops in a fair way, and commanding troops in a scientific way.

Many commanders who benefited from the system have written to Wang An, praising the system for helping them do a good job of management and for playing a positive role in enhancing the fighting capability of the troops. The commander of a certain division stationed in the Helan mountainous area in the Lanzhou Military Region wrote in his letter: Since the adoption of the system, our cadres' ability to command and manage troops has generally improved. Our division has been commended as an advanced unit in management by the military region command. A unit of the Beijing Military Region which was troubled by accidents for several years because of poor management work has overnight become a model unit in military management and education, thanks to the adoption of the system.

When it was first popularized among military units in 1989, the *World Military Almanac* commented: "The book theoretically incorporates and summarizes the fine traditions in commanding Chinese troops and the precious experience accumulated in the new period. It has also absorbed and borrowed many beneficial practices adopted by foreign military units and has broken many unexplored spheres. The system reflects the author's valuable pioneering spirit and his spirit of seeking truth."

A television documentary based on the system, "Arts of Commanding Troops in the New Period," has been distributed throughout the military.

CMC's Liu Huaqing Visits Chengdu Region

HK2008152493 Beijing JIEFANGJUN BAO in Chinese 16 Aug 93 p 1

[Report by reporter Xu Wenliang (1776 2429 5328): "When Visiting the Chengdu Military Region, Liu Huaqing Urges That Leading Cadres Should Take the Lead in Carrying Forward the Old Red Army's Tradition"]

[Text] Chengdu, 15 Aug (JIEFANGJUN BAO)—When meeting leaders at and above the divisional level in organs under the Chengdu Military Region and when visiting retired cadres from the military region, Liu Huaqing, member of the Standing Committee of the Political Bureau of the CPC Central Committee and vice chairman of the Central Military Commission, stressed that the deeper China's reform and opening up, the greater the need for leading cadres at all levels in the Army to take the lead in carrying forward the old Red Army's tradition, to be honest and clean, to serve the public heart and soul, and to properly build the troops.

After hearing the work reports delivered by Chengdu Military Region Commander Li Jiulong and Political Commissar Zhang Gong yesterday afternoon, Liu Huaqing

met with leaders at and above the divisional level in organs under the military region. He encouraged all people to study well Comrade Deng Xiaoping's idea on army building in the new period and Central Military Commission Chairman Jiang Zemin's recent important instructions on army building, and to conscientiously do a good job in the army modernization drive. He said: Now that the major principle and policy of army building have been defined, our task now is to implement them diligently and in a down-to-earth manner.

This morning, Liu Huaqing cordially visited retired cadres from the Chengdu Military Region. He firmly embraced the four old Red Army cadres and greeted one other. Hearing that Qiao Xueting, former director of the Political Department of the Chengdu Military Region, had followed the 18th Army in entering Tibet step by step with a knapsack on his back at the age of 26, he could not help recollecting the years of arduous struggle when he followed Liu Bocheng and Deng Xiaoping in successively fighting in different parts of the Dabie Shan. He said: We should all cherish the old tradition and work style and write them down to educate the younger generation of our Army.

PLA Commander Returns to Beijing From Abroad

OW2308131893 Beijing XINHUA in English 1240 GMT 23 Aug 93

[Text] Beijing, August 23 (XINHUA)—General Zhang Wannian, chief of general staff of the Chinese People's Liberation Army (PLA), returned here today after concluding his visit to Russia and Finland.

Zhang visited the two countries from August 9 to 20.

Army Paper Reports on Ideology Discussion

HK2408005893 Beijing JIEFANGJUN BAO in Chinese 1 Aug 93 p 3

[Report by Xu Jinyou (1776 0645 6855), Lu Lingshou (7120 0109 1108), and Huang Xianjin (7806 0341 6651): "Seize the Opportunity, Suit the Situation, Be Able To Develop One's Ability to the Full—Sidelights of Discussions on Ideological and Political Work at a Theoretical Training Course Attended by People's Armed Police Cadres at and Above the General Unit Level"]

[Text] The gradual establishment of the socialist market economic structure touches on all spheres of society. While this presented the Armed Forces units with an opportunity to do a good job of ideological and political work, it also poses new problems. What should they do to seize the opportunity, suit the situation, and increase the combat nature and effectiveness of ideological and political work? These questions were discussed at great length at the recent theoretical training course for People's Armed Police (PAP) cadres at and above the general unit level.

The Source of Problems

Most of the cadres attending this theoretical training course were political commissars and political department directors of PAP general units. They have come with their

heads full of questions about the new situation and new problems arising in ideological and political work under the new situation. For example, hit by the idea of "looking to money in everything," some officers and men thought that the market economy meant making money, and their sense of value and belief in selfless sacrifice were challenged. A small number of officers and men envied the rich and looked down on the poor, were ostentatious and extravagant in their ways, and went after high consumption. The glorious tradition of hard work and plain living was challenged by hedonist ways. Seeing that some places and individuals were getting richer and richer, some officers and men were tempted to go into business and were unable to keep their minds on their work. What is the reason for all these problems? Through analysis, the participants came to the following conclusion: On the one hand, this is because China's reform is still at a stage of transition from the planned economy to the socialist market economy, when the market operational mechanism has yet to be perfected and decadent ideas are still corroding people's soul. On the other hand, this is because we are not mentally prepared for the profound changes brought about by reform, and ideological and political education has not caught up with needs. Some comrades remained at the old level in their ideological concepts and methods of education. As they laid bare their thoughts, presented the facts, discussed the problems, and recalled tradition, they became increasingly aware of their responsibility in doing a good job of ideological and political work. Political Department Director Li Ende [2621 1869 1795] of the Jiangsu General Unit and Political Department Director Duan Yingshi [3008 5391 1597] of the Tianjin General Unit came to the following conclusion: Since our present task of carrying out reform and developing the socialist market economy represents a social change we have never encountered in the course of emancipating and developing the social productive forces, we will inevitably come across difficulties and problems in our ideological and political work. The greater the difficulties, the more we must bestir ourselves, heighten our confidence, and do an effective job in our ideological and political work.

Our Superiority Is Right by Our Side

During their discussion, they felt that the influence of the socialist market economy on ideological and political work was still positive on the whole. They were of the view that if we fail to understand this, we would not be able to seize the present excellent opportunity and give full scope to the power of ideological and political work.

Political Department Director Wu Guorui [0702 0948 3843] of the Hainan General Unit said: The increasing intensity of reform and opening up and the establishment of the market economy have given a great boost to the development of the productive forces, increased the nation's overall strength and improved the people's livelihood. This provides the Armed Force units with a bigger classroom and much more vivid teaching materials for conducting education on the party's basic line and the ideal future.

Deputy Political Commissar Zhou Xianggen [0719 4382 2704] of the Shanghai General Unit said with deep feeling: The revolutionary enthusiasm shown by the masses of the people in the great practice of reform and the wisdom and resourcefulness they have demonstrated in developing the socialist market economy have had an extensive and profound impact on the vast numbers of grass-roots cadres and fighters. From the host of vivid facts that they have seen or heard, the officers and men have come to realize that just as we must have the ability to compete in order to achieve success in economic construction, we also must have a correct awareness of the need to compete in order to achieve success in army building. Having undergone a change in concept, their mental outlook also changed. The slogan "Wave the red banner when it is there before us, seize the gold medal if it is there for grabs" again echoed among the rank and file, and a fine atmosphere of "units striving to boost their morale and individuals striving to realize their aspirations" prevailed. Deputy Political Commissar Xie Shuchen [6200 2562 6591] of the Gansu General Unit said: Some of our comrades one-sidedly thought that since soldiers were trained in military skills, no matter how good they were, they could not do much after returning to their own localities. The fact is, military activities and economic activities have fairly similar requirements in terms of people's quality. Tempering in military life can forge firm political belief, a dauntless spirit of sacrifice, good organizational ability, a steadfast style of work, and a consciousness for discipline, which are all necessary for participation in economic work and local competition. Provided that they are helped to understand their superiorities, our officers and men will be able to put their mind on their work and undergo military tempering and training. Deputy Political Commissar Wei Taifang [7279 1132 5364] of the Guizhou General Unit and Deputy Political Commissar Duan Yingdong [3008 2503 2639] of the Jiangxi General Unit said with great confidence after looking back on and summing up their experience in ideological and political work in the decade since the establishment of the PAP: The development of the socialist market economy has built a grand stage for ideological and political work to truly demonstrate its value and power. Provided that we can fully make use of the favorable conditions and positive factors, see the superiorities that are by our side, make a point of bringing these superiorities into play, and offset the negative factors, we will definitely be able to present a great performance on this grand stage.

The Way Out Lies Right at Our Feet

Comrades attending this training course also came to understand that the new situation and the new problems that have emerged in the Armed Forces units in the course of developing the socialist market economy are something that cannot be evaded. They realized that only by facing reality and by adopting a positive attitude in studying and resolving these problems would they be able to find the way out. Many comrades said with deep feelings after recalling their practice in ideological and political work: Political work must be subordinated to and serve the

central task of economic construction, but some of our comrades often adopt a passive stance rather than react positively when confronted by new conditions under the new situation. Relying on their "old experience" and "old methods," they often appear helpless and useless in the face of mounting problems. Political Commissar Yan Wenbin [7051 2429 1755] of the Shandong General Unit and Political Department Director Lu Jiancheng [0712 1696 2052] of the Henan General Unit said: In ideological and political work it is necessary to meet the needs of the new situation and tackle the problems before us. Therefore, political cadres must first emancipate their minds and change their way of thinking. "Rather than hastily going into the river to catch fish, it is better to stay on shore and make a net." For educators, the most important thing is to arm their own thinking by studying and grasping Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and using this "golden key" to open their own minds. When we have emancipated our mind, we will be able to find methods when we are at a loss and find the way out when we seem to be up against a wall.

Political Commissar Li Xinji [2621 2450 1015] of the Jinlin General Unit said that in order to change the present laxness in ideological and political work, it is necessary to face reality, seize the opportunity, and boldly carry out reform. Everybody enthusiastically put forward their views and offered suggestions: First of all, it is necessary to establish an overall concept of education which corresponds to the development of social productive forces. As members of society, the vast numbers of officers and men have a thousand and one links with the economy, culture, and so on in our society. The past practice of teaching behind closed doors is no longer suited to the needs of the new situation. What we must do now is to properly handle the contradiction between the pluralistic ideological structure of the officers and men and the heterogeneous content and method of our ideological education at present. From the important angle of bringing up better-educated, self-disciplined new people with high ideals and moral integrity, we must draw new contents from diverse angles and levels in order to make education both political and intellectual, both inspiring and interesting. Educators must have complete faith in those they educate. It is necessary to increase the ratio of self-education and, by turning those who are receiving education from passive learners into active learners and from by-standers into practitioners, increase the effects of education. After looking back on the practice of political education over the past two years, some comrades said with deep understanding: We must guard against subjectivism and one-sidedness when conducting education. We must not simply present one side of the truth. For instance, when we talk about the market economy, we must not make it sound as though it is flawless. If the officers and men are presented with an idealized picture, they will have unrealistically high expectations and end up becoming mentally unbalanced. For another example, when we talk about "contrasts between life in the military and life in the localities," we must also look at both sides of the coin and carefully select our points of reference. We must see both the good contrasts as well as

the bad contrasts. While depicting the soldiers as contributors who defend reform, we must also point out that they are beneficiaries of the reform itself. We must combine ideological education with the implementation of the principle of material incentive, show concern for the well-being of the officers and men and, within the limits of our authority and what is permitted by policy, do our best for them at all times. Deputy Political Commissar Zhang Dshun [1728 1795 7311] of the Fujian General Unit, Political Department Director Zheng Shunmin [6774 7311 3046] of the Sichuan General Unit, and others were of the view that since officers and men are now more concerned with their career after leaving the Army, it is in the vital interest of the rank and file to provide them with education and training. Based on the principle of "satisfying personal interests and local needs and depending on the availability of resources in the Army," it is necessary to take positive steps to create favorable conditions for officers and men to acquire civilian knowledge. By helping them make up for their lack of knowledge about "the main battlefield" of economic construction after demobilization, they will cease to worry about the future.

In order to do a good job of ideological and political work under the new situation, educators must set an example with their own words and deeds. This is the consensus arrived at by comrades after their discussion. They maintained that when they teach principles, they must firmly believe in the principles they teach; when they advocate the spirit of selfless sacrifice, they must take the lead to put this spirit into practice; and when they teach others to devote themselves to their duties and fight corruption, they must take the lead to resist money worshipping, hedonism and extreme individualism. If you say one thing and do another, those receiving education will defy your teachings.

Report on Laws, Rules on 'Military Affairs'

OW2208144893 Beijing XINHUA in English 1358 GMT 22 Aug 93

[Text] Beijing, August 22 (XINHUA)—China has adopted eight laws and hundreds of regulations and rules on military affairs over the past decade or so, according to the Bureau of Legislative Affairs of the Central Military Commission.

The National People's Congress (NPC) and its Standing Committee have promulgated eight laws on military affairs including the Military Service Law and Law on the Protection of Military Installations.

Meanwhile, the Central Military Commission and the State Council issued hundreds of military regulations and administrative regulations and rules on military service.

These laws and regulations have played an important role in enhancing national defense, safeguarding the military interests of the state and protecting the legal rights of the armed forces and service men, said an official at the bureau.

Last year, the Central Military Commission worked out a program on military legislation for the Eighth Five-Year Plan period (1991- 95). The commission also made a thorough sorting out of military regulations and rules adopted after the founding of the People's Republic and compiled a collection of them, the first of its kind in the history of the Chinese People's Liberation Army (PLA).

International academic exchanges on military law were also carried on in the past few years.

Economic & Agricultural

Zhu Rongji Speaks on Banking Reform, Other Issues

*HK2508073093 Hong Kong MING PAO in Chinese
21 Aug 93 p 12*

[Report by special correspondent Hsia Hsiao-dan (1115 2556 0030): "Zhu Rongji Seems To Relax Rigid Deadline for Recovering Loans"]

[Text] State Council Vice Premier Zhu Rongji recently made a speech after hearing reports from central inspection groups on the situation in different localities and their implementation of Document No. 6. He indicated that he is "not optimistic" over this year's sales of state treasury bonds; moreover, he noted that although the exchange rate between foreign currencies and the renminbi remain basically balanced at the moment, there has already been an excessive number of basic construction projects. He called for prompt efforts to carry out reform on the existing banking system in the latter half of this year.

Zhu Rongji pointed out speech that initial results have been registered in the entire country's implementation of Document No. 6 issued by the central authorities: We have succeeded in keeping under control the runaway loan repayment and lending, bringing a favorable turn to the nationwide problem of arbitrary fund collections, and cooling down the craze for real estate development.

When talking about failure to recover all unstandardized loans before the deadline of 15 August, Zhu Rongji simply said that this was all right so long as they can provide reasons to justify themselves. It seems that he is somewhat less intransigent on his rigid order on recovering bad loans before a preset time limit. It has been learned that all localities across the country have reacted strongly to this time limit, most of them claiming that the allotted time is too short and that the central authorities have failed to acquire a correct understanding of the present situation.

Zhu Rongji noted that this year's sales of state treasury bonds is targeted at 45 billion yuan, with the bottom line set at 30 billion yuan. As of today, the total sales has reached 30.5 billion yuan, marking a basic completion, not an overfulfillment, of the task. However, since the state needs to repay this year 20 billion yuan of capital and the interest on state treasury bonds which become due in previous years, the actual income from state treasury bonds this year only stands at around 10 billion. Facing such an outcome, Zhu Rongji described himself as quite "depressed."

Zhu Rongji also indicated that despite the increase in the total amount of savings deposits in banks across the country, the total fund shortage will still amount to 20 billion yuan in the latter half of this year.

Nevertheless, Zhu Rongji expressed satisfaction over the present balanced exchange rate between foreign currencies and Renminbi. He noted: China originally prepared to sell \$2 billion to balance the foreign exchange market, yet only a small portion was called before the exchange rates began to fall of their own volition. The exchange rate now remains stable at \$1 to nine or less yuan. Zhu Rongji added, however, that the country's foreign exchange supply is very tight at present and the savings deposits total is at a low level; what is more, the country has used \$200 million to balance the foreign exchange market this time.

Zhu Rongji pointed out: At present, newly started basic construction projects still outnumber those canceled in all provinces. For example, Jiangsu Province plans to build three bridges across the Chang Jiang (Zhenjiang Bridge, Zhangjiang Bridge, and Nanjing Highway Bridge) all on its own. This fact shows that the province has laid its basic construction on too large a scale. Beijing has also put forward a proposal to build a 100-story building, yet the central authorities declined to grant approval.

On the issue of commodity prices, Zhu Rongji indicated that prompt control should be imposed on commodity prices this year because the price index in 35 large and medium cities has already gone up by over 30 percent. Therefore, during the latter half of this year, except for readjusting railway freight transport charges, electricity fees, and prices of nonstable foodstuffs, the country will not adopt any more new measures on price reform. Since the price raises of nonstable foodstuffs is estimated higher than that of other commodities, we need to offer people a good explanation.

When talking about agriculture, Zhu Rongji said that this year's agricultural output remains the same as that of last year, although a drop in production was once predicted. In addition, the trend of issuing IOUs has been basically stopped. However, grain prices are tending to drop at the moment and many localities have already suffered from such a situation. With the aim of saving trouble, instead of settling accounts directly with peasants, many banking departments asked the peasants to settle their accounts with their towns and villages. However, since many towns

and villages have kept funds for their own use, some peasants are unable to cash all the IOUs they have in hand so far.

As regards reform of the existing banking system, Zhu Rongji indicated that the central bank should establish its authority and exercise supervision over the work of its branches in different provinces across the country. Moreover, further efforts should be taken to ensure centrally controlled tax collection and to put into practice the system of tax separation as soon as possible. No locality is allowed to retain any centrally controlled taxes for its own use. Zhu Rongji cited the case of Guangdong: The province has attained a total of financial and tax revenue of over 30 billion yuan this year, yet it only turns 1.2 billion yuan over to the state. In the future, the central authorities will claim the bigger part of local financial and tax revenue, while localities can only retain the remaining smaller part. Furthermore, localities are not encouraged to publicize their preferential policies in the future, for they virtually give preference at the expenses of the state.

Zhu Rongji also urged speeding up the pace of reform on the existing banking system and to set up policy and commercial banks as soon as possible in the second half of this year. Exercising supervision over commercial banks, policy banks are expected, through future financial inspections, to strictly forbid the practice of "tearing down the east wall to repair the west one" (the practice whereby specialized banks cheat their higher authorities by supplementing each other with capital).

Bank Official on Rectification of Monetary System

HK2508054793 Hong Kong MING PAO in Chinese 23 Aug 93 p 15

[“Special Dispatch”: “Zhu Xiaohua, Vice President of the People’s Bank of China, Stresses That Macroscopic Regulation and Control Are Not Makeshift Measures; Their Aim Is To Promote Orderly Operation”]

[Text] In his long speech in Shenzhen a few days ago, Zhu Xiaohua, vice president of the People’s Bank of China, pointed out: China’s current macroeconomic regulation and control are not administrative or makeshift measures. They are aimed at instituting an orderly monetary system. Zhu Xiaohua stressed: Inflation caused by rapid economic growth may affect the people’s confidence in the government, which is a major issue that the authorities are now considering.

Zhu Xiaohua pointed out that we must not overlook the rapid economic growth over the past period of time, and must note that owing to the excessively rapid economic growth, “bottleneck” problems—including communications, energy, and others—are worsening on the one hand, while on the other, the inflation problem increasingly has aroused the misgivings of ordinary people. He warned that if inflation developed to a certain extent, social stability would be affected.

Zhu Xiaohua pointed out: In pursuit of rapid economic growth, it will be very perfect if we can achieve the objective of maintaining social stability, but more often than not, opportunities featuring high growth and low inflation are rare.

Particularly as a developing country, he pointed out, it is untenable in theory and unprecedented in practice to seek an economy with high growth and low or no inflation.

“Under these circumstances, we have to consider whether the development speed will affect the living conditions of ordinary people and their confidence in the government. As far as the entire country is concerned, more consideration should be given to this issue,” said Zhu Xiaohua.

Touching on rectifying monetary order, Zhu Xiaohua pointed out: In the current macroeconomic regulation and control, it is precisely because the central leaders have understood that the banking industry is the “thermometer” of the entire macroscopic economy that they have decided to start with the financial department and its affiliated organizations in the hope that some problems brought to light in the high-speed development of the national economy will be resolved in good time so as to avoid serious blunders.

He pointed out: In the current rectification of the monetary system, more methods of market regulation and other economic means will be applied, and more measures will be taken to regulate our actions through the perfection of the law, rather than through the exercise of regulations having an administrative and provisional nature.

Zhu Xiaohua said emphatically: In so doing, we wish to enable China’s monetary system to “operate in an orderly way.” He took the great fluctuations of the renminbi exchange rate in Shanghai’s foreign exchange swap markets some time ago as an example, and cited complaints from some multinational companies as saying that in converting other currencies into renminbi, they wished to accept an orderly market quotation rather than a market price with great ups and downs. Zhu Xiaohua stressed: If we do not regard “orderly operation” as an objective of self-perfection in the monetary system as a whole, or simply regard it as a short-term objective, and if it remains unchanged after the rectification, then the appeal to foreign investors will be adversely affected.

While talking about the relations between the central and local authorities in the current economic readjustment, Zhu Xiaohua said: Many people are worried that the interests of governments at all levels will be infringed on if the central bank recalls, through its operation of the national money policies, the powers formerly belonging to localities. He pointed out that the rectification of monetary order should be in keeping with the entire development objective of the local governments.

Financial, Taxation Structures To See ‘Major’ Reform

HK2408140393 Hong Kong CHING CHI TAO PAO in Chinese No 33, 23 Aug 93 p 24

[From the “China Economic News” column: “Financial and Taxation Structures To Undergo Major Reform”]

[Text] China plans to drastically reform the existing financial and taxation structures. The plan for reform is likely to be officially implemented next year.

The principal contents of the financial and taxation reform are as follows: The first is to abolish the contract system under which each unit is responsible for its own surplus or deficit. Both Jiang Zemin, general secretary of the CPC Central Committee, and Zhu Rongji, vice premier of the State Council, reportedly hold that such a practice is not conducive to the centralization of authority and macroeconomic control and regulation. As of next year, instead of the contract system, a system of tax distribution between the central and local authorities will be instituted. The tax categories will be divided into two major parts, the "state tax" and the "local tax." The State Tax Bureau and the Local Tax Bureau will be set up to administer tax distribution, with 40 percent going to the local authorities and 60 percent to the central authorities. However, lest the local authorities suffer losses, in practice the central authorities will get 40 percent while the local authorities get 60 percent. The advantage of such a practice is that "money is distributed instead of power." This will help strengthen the status of the central finance and hold on to financial power. As yet, this is only a proposal under deliberation.

The second is to unify the tax rate. China has several tax rates. It applies different tax rates to enterprises of different natures, with state-owned enterprises taxed at the highest rate, foreign enterprises at the lowest rate, and some special enterprises, such as welfare factories, given tax exemptions. Such a system has resulted in a phenomenon under which those having close relations are favored while others distantly related are prejudiced against, and has made enterprises compete from different starting lines. The new taxation policy, however, unifies the tax rates without differentiating enterprises according to their nature.

Furthermore, the establishment of tax categories and the scope of tax collection will also be appropriately adjusted. Some new tax categories, such as real estate appreciation tax, will be officially instituted. Supervision over personal income will also be enforced.

Official Interviewed on Detailed Tax Rules

OW2508051393 Beijing XINHUA Domestic Service in Chinese 0300 GMT 19 Aug 93

[Text] An official of the State Administration of Taxation recently answered a reporter's questions in connection with the "Detailed Rules for Implementing the Law of Tax Collection and Management."

[Unidentified reporter] What is the significance of the promulgation of the "Detailed Rules for Implementing the Law of Tax Collection and Management?"

[Unidentified official] The "PRC Law for Tax Collection and Management," which the Seventh National People's Congress [NPC] Standing Committee examined and adopted at its 27th session, became effective on 1 January

this year. The law was an important milestone in the history of the development of China's socialist taxation system. The law serves as an effective weapon for maintaining economic order in the socialist market, cracking down on all kinds of tax fraud, protecting legitimate business operations, ensuring revenue, and promoting economic development. For the sake of ensuring full and correct implementation of all the law's principles and regulations, certain provisions in the law have to be explained, some quantified, and certain enforcing procedures have to be supplemented. For this purpose, the State Council recently promulgated detailed rules on the basis of certain provisions of the law. This is a major measure for implementing the law. The promulgation of the detailed rules has important immediate and far-reaching historical significance for implementing the guidelines which the State Council laid down in its "Circular on Strengthening Tax Management and Strictly Controlling Tax Reductions and Exemptions," and for improving the law for tax collection and management, intensifying tax collection and management in all fields, stopping up tax loopholes, increasing revenue, ensuring the rights and obligations of both tax payers and collectors, giving full scope to the role played by macroeconomic regulation and control as an economic lever, and expediting the establishment and development of our socialist market economy.

[Unidentified reporter] What is the spirit guiding legislation of the detailed rules?

[Unidentified official] The same spirit guiding the legislation of the tax collection and management law was followed during the legislation of the detailed rules. The detailed rules were drafted according to the guideline of "gradually rationalizing the tax structure, intensifying tax management, handling taxes strictly according to the law, and giving full play to the important role of taxation in increasing revenue and exercising macroeconomic regulation and control; doing so in accordance with the principle of achieving tax uniformity, centralizing tax authority, and sharing tax burdens"—guidelines put forward in the "10-Year PRC National Economic and Social Development Program and Outlines of the Eighth Five-Year Plan" adopted by the Fourth Session of the Seventh NPC.

[Unidentified reporter] What measures do the detailed rules have regarding strictly controlling tax reductions and exemptions?

[Unidentified official] Tax exemptions and reductions are measures taken by the state to give tax payers some incentive or to show them that the state cares about their interests. The measures are taken according to economic development needs. In recent years, some places have overstepped their authority and taken unauthorized actions to reduce or exempt taxes; and some places have drawn up and promulgated their own preferential tax policies, and covertly or overtly contracted payment of exchange taxes, doing so in total disregard of the state's repeated warnings and in violation of the state's tax code. This has directly affected the uniformity and solemnity of the state's tax law and undermined state interests. Because

of this, the collection and management law provides that taxes must be imposed, terminated, reduced, or exempted according to law and administrative regulations. This also applies to tax refunds and payment of delinquent taxes. No organs, units, or individuals may violate laws and regulations, or make unauthorized decisions about imposing, terminating, reducing, and exempting taxes; or giving tax refunds or requesting payment of unpaid taxes. To make sure that this provision is followed, and to place tax reductions and exemptions under strict control, the detailed rules further provide that tax authorities have the authority to reject carrying out any decisions which contradict the tax law and administrative regulations; and that they must keep the higher authorities informed about the problems so that unwarranted preferential tax measures can be eliminated, and the solemnity and uniformity of the tax law can be maintained.

[Unidentified reporter] What effective measures do the detailed rules have for stamping out phenomena which facilitate tax fraud?

[Unidentified official] Within the economic sector today, it is quite common for tax payers to illegally be given bank accounts and papers for tax management; or receipts that are borrowed, transferred, written in proxy, or sold. This behavior has seriously upset the order of tax management and normal commodity circulation. As this behavior cannot be discovered easily, and the current tax law, administrative regulations, and other relevant laws and regulations only prohibit this behavior but do not provide the necessary punitive measures, they cannot be enforced effectively. For this reason, the detailed rules provide that whoever illegally provides tax payers and withholding agents with bank accounts, receipts, vouchers, or other services leading to nonpayment or reduced payment of taxes, or to the acquiring of export tax refunds through fraud, in addition to confiscating their illegal income, tax authorities may also impose fines of up to 100 percent of their nonpayment, reduced payment, or tax refund.

[Unidentified reporter] What measures do the detailed rules have for dealing with tax evasion by foreign-funded enterprises or foreign enterprises?

[Unidentified official] As China continues to implement the reform and open policy, more foreign-funded and foreign enterprises have been established in China, and the amount of taxes these enterprises pay has increased every year. However, certain foreign firms have used all kinds of illegitimate means to relocate their profits in order to avoid taxes. Their frequent infringement of China's economic rights have evoked widespread attention from people of all walks of life. To safeguard state interests and intensify tax control, the tax law provides that, for related enterprises' irrational business contacts among themselves, tax authorities have the right to readjust their taxable income and income. To enforce this provision, the detailed rules have further defined the term of related enterprises and specified more clearly the ways of readjusting the irrational business contacts among them. This has provided a legal basis for intensifying operations against tax evasion.

[Unidentified reporter] What specific measures have the detailed rules taken to protect tax payers' legitimate rights and interests?

[Unidentified official] Protecting tax payers' legitimate rights and interests was one important principle upheld when the tax law was being formulated. The detailed rules have further implemented this principle. The implementation finds expression primarily in these two areas:

First, they have intensified control over taxation authorities when they enforce the law, making sure they cannot do whatever they want and that tax payers' legitimate rights and interests are not violated. For example, the rules provide that tax authorities must finish examining tax payers' paperwork about their requests for tax registration within 30 days; when tax authorities confiscate or seal anything up, the task should be performed by at least two taxation workers and the interested parties must be notified; and when tax authorities investigate a case of law violation, they must notify the interested parties of their decision on handling the tax issue and also inform them about matters concerning administrative reexamination and litigation.

Second, the detailed rules have provided tax payers with the right to take measures to protect their own legitimate rights and interests. For example, the rules provide that tax payers may refuse to be inspected if tax workers fail to show their warrants; and tax payers have the right not to pay their fines if tax authorities do not give them a receipt when imposing fines on them or confiscating their property.

Zou Jiahua Urges State-Owned Enterprises To Curb Losses

OW2408144493 Beijing XINHUA in English 1428
GMT 24 Aug 93

[Text] Beijing, August 24 (XINHUA)—Vice-Premier Zou Jiahua has urged that more efforts be made to cut down losses incurred by China's state-owned enterprises, in order to achieve a sustained, fast and healthy growth of the national economy.

Addressing a national conference here Monday [23 August], Zou said that in doing so China should try to bring into full play the existing production capacity of the enterprises, while making endeavors to add to capacity.

He said that the fundamental way to reduce losses in the state-owned enterprises is to deepen the reform and continue to transform the operational mechanisms of the loss-making plants.

To cut losses, a sound environment, such as the awarding of more management autonomy for the enterprises and the establishment of a socialist market economy, should be created to pave the way for smooth development of the enterprises, Zou said.

However, he said, more should be done by the enterprises themselves through internal operational reforms.

The enterprises should be market-oriented and spare no efforts in promoting sales of their products, the vice-premier said. Improvement of product quality is also crucial to the success of the enterprises, he added.

Zou said that from a national perspective China is strengthening macro-control over the economy, of which, he said, curbing of enterprise losses is an important part.

He called on the state-owned enterprises, which account for about 55 percent of China's total industrial production, to improve efficiency, especially in the existing manufacturing capacity. "there can be no healthy development for the enterprises without efficiency," he said.

He deplored the situation in which many state-owned enterprises are losing money, posing a heavy burden on the state budget and constituting a threat to the national economy.

Zou said that those business directors who are responsible for loss making because of poor management should be replaced.

Official statistics show that over 31 percent of state-owned firms ran into deficits in the first half of 1993, while many more were in difficulties.

China plans to cut the number of money-losing enterprises by five percent this year, according to a blueprint read out at the ongoing conference, which was co-sponsored by the Ministry of Finance and the State Economic and Trade Commission.

Enterprises To Be Developed, Suspended in Next 3 Years

HK2508043893 Hong Kong CHING CHI TAO PAO in Chinese No 33, 23 Aug 93 p 24

[From "China Economic News" Column: "Six Kinds of Projects Not To Be Developed During the Next Three Years"]

[Text] According to the domestic trade and construction ministries, owing to a shortage of raw materials and to supply exceeding demand, the state has decided that six kinds of enterprises will not be set up or expanded in the next three years. They are enterprises producing aluminum alloy windows and doors, plastic wallpaper, man-made marble, terrazzo, mini-cars, and those enterprises engaging in plastics processing.

The state will encourage the development of the following enterprises by introducing preferential policies: Enterprises using iron and steel filings for steel casting; extracting metal from dregs and solution of nonferrous metal and waste spare parts; extracting nonferrous metal from waste rubber, toothpaste tubes, bulbs, batteries, and fluorescent lamps; using waste cotton cloth, gunny cloth, cotton, and paper to produce regenerated paper or other products; regenerating waste chemical fibers, glass, and plastic materials; and using waste rubber to produce regenerated rubber or rubber powder.

Planning Commission Set To Strengthen Market Building

HK2508032093 Hong Kong CHING CHI TAO PAO in Chinese No 33, 23 Aug 93 p 25

[From the "China Economic News" Column: "State Planning Commission Proposes Three-Point View for Market Building"]

[Text] It has been learned that the State Planning Commission recently proposed a three-point view for market-building.

1. Futures markets should not be set up unless essential conditions are available. There are about 100 futures exchanges in the world, but only a dozen futures exchanges are well known. As an advanced form of markets, futures markets are subject to many restrictions in their establishment and operation. We should be prudent, as well as enthusiastic in developing China's futures markets. We should create necessary conditions through carrying out experiments and deepening reform.

2. It is necessary to build more retail stores. While further enlivening large retail enterprises, we should set up different retail networks to meet the needs of customers at different levels. At present, we should focus on developing medium- and small-sized retail networks so that it will be easy for people in a wider area to get the retail goods they need.

3. It is necessary gradually to promote the pilot project work for setting up Sino-foreign joint venture retail enterprises. The pilot work should be done under unified leadership, and strict approval procedures must be applied to the setting up of Sino-foreign joint venture retail enterprises on a trial basis. We should not try out such enterprises in more areas now. We should be clear that what is most important is not the number of such enterprises, but their efficiency.

Enterprise Management Model Executive Featured

OW2408020793 Beijing XINHUA in English 0129 GMT 24 Aug 93

[Article by Yuan Yanghe: "Farmer-Turned-Executive Explores New Management"]

[Text] Nanjing, August 24 (XINHUA)—One-time farmer Yuan Qinheng is the director of a rural factory in the suburbs of Changshu, in east China's Jiangsu Province.

However, he is often invited by businesses, colleges and research institutes in the big cities of Shanghai and Nanjing to lecture on how to manage smaller businesses. He has also often been interviewed by professors and scholars from Japan and the United States about his business experience.

Recently he completed a book titled, *How To Solve Problems in Managing Small and Medium-Sized Businesses*, which has become a best seller nationwide.

The Jiangnan Meters Factory, where Yuan works, has met national standards for second-class businesses and manufactures dozens of products that are popular throughout China.

"Now at the mention of township-run businesses, people all agree that they are an important pillar of the rural economy. However, I don't think that conclusion is everything," Yuan said.

"I think township-run businesses should serve as a task force in making the rural economy prosper, helping train a new type of rural workers and enhancing the overall quality of the rural population," he added.

To train rural factory workers he has created a new managerial approach which he calls "enlightened management."

According to Yuan, the core of enlightened management is to enable workers to serve as masters of their factory. "On the one hand, a factory must take the workers as its master; and on the other hand, workers must regard themselves as the masters," he explained.

In accordance with the norms of enlightened management, Yuan has made it a rule that workers can criticize the director and other executives, no matter whether the criticism is accurate or not. Those making well-founded criticisms will be rewarded at the year-end. The factory director is required to regularly report to workers on how correct criticism is received.

Workers' representatives work by turns in the factory office to oversee and assess executives in observing discipline and performing their duties and functions.

Moreover, a survey of jobs that workers favor is conducted once a year. Based on the survey and whenever possible, new job arrangements will be made to encourage every worker to work to the best of his or her ability.

Yuan said, "While stressing the importance of enabling workers to serve as the masters of their factories we do not neglect their moral education, focusing on respecting and caring for others."

For example, workers are being taught not to do everything just for the sake of money. "I think factories should not only produce qualified products, but also train qualified workers," he said.

At a meeting he praised ten workers for doing voluntary work for the factory. After the meeting some people complained to him that most of the praised workers were actually laggards who usually did not work hard.

He told them: "If we pay close attention to protecting workers' initiative, we must pay still closer attention to protecting the initiative of less-advanced workers."

At a workers' meeting he said, "Since I am not a genius, I can not tell whether you do voluntary work with good motives or for other purpose. But, so long as your actions benefit our factory and the society as a whole, I will always back you."

Shortly after becoming the factory director, Yuan began tightening discipline as part of his streamlining effort. Meanwhile, he also announced that if a worker had a good reason for being late for work, he or she would not be penalized.

Since the announcement was made, fewer and fewer workers have been late for work. Their motto is "Our factory loves us, so we love our factory all the more".

Yuan Qinshen now also serves as a guest research fellow at the Commerce Institute of Nanjing University, lecturing on economic management. Professors and scholars from Japan, the United States and Southeast Asia have praised him for creating a new approach to enterprise management with Chinese characteristics.

Private Entrepreneurs More Confident in Future

OW2508102493 Beijing XINHUA in English 0837
GMT 25 Aug 93

[Text] Beijing, August 25 (XINHUA)—China's private entrepreneurs now expressed firmer support and more confidence in the state's overall policies than in 1992, according to results of a recent survey.

They are also more optimistic about the times ahead since the 14th National Congress of the Communist Party of China held in last October.

The conclusion is drawn from a survey conducted by Beijing Zero Survey Company, with a total of 500 private enterprises from 15 provinces polled, whose capital exceeds one million yuan each.

Statistics show 97.35 percent of enterprises are entirely or fairly satisfied with the current policies. But nearly half the firms complain that many policies are not carried out to the letter.

In the survey, over three-fourths of the private companies consider the present policies, which encourage the private sector, reliable. Among them there are more entrepreneurs with strong financial backing than in 1992.

About 65 percent of private entrepreneurs adopt strategies to develop with full steam, though some of them are cautious.

The survey also shows a trend that educated entrepreneurs and older ones have more confidence in their business.

The Zero Company attributes these tendencies among private businessmen to the establishment of the market economy and the implementation of relevant laws.

According to the report, the private entrepreneurs are taking heart at the government's efforts to rejoin GATT, the election of Rong Yiren, a non-communist businessman, as China's vice president and the greater number of private businessmen in the people's congress.

Foreign Investment Increases 'Greatly' in First Half

OW2408141393 Beijing XINHUA in English 1345
 GMT 24 Aug 93

[Text] Beijing, August 24 (XINHUA)—Foreign investment in China increased greatly in the first half of this year, along with the improvement of its investment environment.

An official of the Chinese Ministry of Foreign Trade and Economic Co-operation (MOFTEC) said that during the period China approved over 40,000 foreign-funded enterprises involving more than 57 billion U.S. dollars of contracted foreign investment. The actual amount of foreign investment used was 9.4 billion U.S. dollars, and the three figures equal the total amounts for the whole of last year.

The big influx of foreign investment indicates that China's political and social stability and dynamic economic development have strengthened foreign investors' confidence in China, the official said.

Sources here said that one of the outstanding characteristics of the foreign investment in China is the growth of the number of large-scale and hi-tech projects undertaken by trans-national companies from the Western developed countries.

Such companies have drafted long-term plans for their business in China.

Another tendency is that the foreign investors are becoming more interested in investing in China's infrastructural projects such as power plants, highways, railways, bridges, ports and wharves.

The increase of foreign investment in tertiary industry, such as real estate, is another tendency.

Last year one quarter of the contracted foreign investment was in tertiary industry, and 16.4 percent of that in the first half of this year went into real estate, public utilities, everyday services and consultation.

Moreover, foreign investors have also increased their investment in China's central coastal area and inland regions.

For example, the foreign investment attracted by east China's Jiangsu Province is the second-largest amount in the country, and the growth of the use of the foreign investment in the inland area is much faster than in the coastal areas.

And the fields open to foreign investors have expanded as well, with foreign-funded companies operating on an experimental basis in the bonded areas and projects involving finance, security and retail.

Problems With Foreign-Invested Firms To Be Addressed

HK2508033793 Hong Kong HSIANG KANG SHANG
 PAO in Chinese 23 Aug 93 p 12

["Special Dispatch" from Beijing by staff reporter Sze-Tu Nan (0674 1778 0589): "Many Problems Exist in Enterprises Invested by Foreign Businessmen, and Mainland Is To Take Measures To Tackle Them"]

[Text] A department concerned under the State Council recently conducted investigations into the capital of and foreign exchange used by foreign-invested enterprises in China. The findings are: 1) The number of foreign-funded enterprises that supply the capital as required has declined each year; 2) Foreign businessmen did not fully honor their promise to sell products abroad and discharge their responsibilities as required; and 3) Many foreign businessmen imported materials at high prices, but exported their products at low prices, then deposited their export loans abroad to make up for their losses.

In light of this situation, the State Foreign Investment Administration planned to take following measures toward foreign businessmen. 1) The state will exercise control over the foreign exchange accounts of foreign-invested enterprises; foreign-funded enterprises are to earn and expend foreign exchange, and to strike a balance between income and expenditure in foreign exchange on their own. 2) Foreign-funded enterprises have autonomy over their export and import business, as well as the autonomy to borrow money abroad. 3) Domestic banks are allowed to grant loans in renminbi or foreign exchange to foreign-funded enterprises or grant loans in renminbi on security in foreign exchange. 4) Profits in foreign exchange, foreign staff members' wages in foreign exchange, and other legitimate earnings in foreign exchange are allowed to be remitted abroad; the foreign exchange into which profits, wages, and earnings in renminbi have been exchanged from in the swap center also can be remitted abroad. 5) Domestic banks will provide easy methods of settling accounts for foreign-invested enterprises when they receive foreign exchange as required in selling their products in China or when they have a balance in foreign exchange.

The State Foreign Investment Administration and other relevant departments will jointly withdraw the license of any foreign-invested enterprise that fails to provide capital in time as required and will restrict the amount of foreign exchange obtained from the swap center by any foreign-funded enterprise that fails to honor contracts and discharge its export responsibilities. The State Foreign Investment Control Administration, in cooperation with other relevant departments, will investigate those foreign-funded enterprises that export goods at low prices while importing materials at high prices and depositing export loans abroad, so as to put a stop to all these malpractices. They also will take strong measures against those foreign-funded enterprises that violate state regulations on foreign investment.

To help foreign-funded enterprises strike a balance between their income and expenditure in foreign exchange, the State Foreign Investment Administration will set up an exchange balance fund for foreign-invested enterprises. In this way they will help foreign exchange-earning enterprises and enterprises using advanced technology solve the problem of short-term foreign exchange imbalances.

Antidumping, Antisubsidy Regulations Drawn Up

HK2408105793 Beijing ZHONGGUO XINWEN SHE
in English 0923 GMT 24 Aug 93

[Text] Beijing, August 24 (CNS)—With China now striving to recover its status as a signatory member of the General Agreement on Tariffs and Trade (GATT) and set up a management system for the market economy, legal work dealing with the country's foreign trade is now under way.

China's application to resume its status within the General Agreement on Tariffs and Trade has caused widespread concern among a number of domestic enterprises who see it as eventually leading to a great decline in the present import tariff levels and a great decrease in traditional controls involving plans, quotas and permission certificates. In a bid to prevent harm being done to China's industries by the great inflow of foreign imports, the Ministry of Foreign Trade and Economic Cooperation has, in line with the basic principles and regulations of GATT, drawn up three regulations on anti-dumping, anti-subsidies and safeguards to protect domestic industries.

Provinces Join in Building Roads for Foreign Trade

OW2508091093 Beijing XINHUA in English 0826
GMT 25 Aug 93

[Text] Kunming, August 25 (XINHUA)—Provinces and autonomous regions in southwest China have joined hands in constructing highways and railroads leading to border towns in an attempt to boost trade with neighboring countries and regions in southeast Asia.

The provinces and regions are Sichuan, Yunnan and Guizhou Provinces and the Guangxi Zhuang Autonomous Region and the Tibet Autonomous Region, which have a combined population of 225 million and have a total area of 2.57 million sq km.

Trade with neighboring countries used to be hindered by poor communications, geographic and climatic conditions, though small-scale border trade has existed for hundreds of years.

Over the past few years, especially since 1992, the five provinces and autonomous regions have shown greater enthusiasm in building roads that lead to border posts, mostly in Guangxi and Yunnan.

Huge amounts of funds have been poured into the projects, according to local officials in charge.

According to the officials, the 898-km-long Nanning-Kunming railway has been under active construction and is expected to be completed by 1997. It will become a major route linking up the provinces and autonomous regions.

Several other railways under construction will go to form a giant railway network centering round the Nanning-Kunming line.

A number of main highways have been built in the area, and a high-class highway network is to emerge in the region in the coming three years, the officials said.

On the other hand, dozens of foreign trade outlets have been opened in Guangxi, Yunnan and Tibet.

Since Beihai, Fangcheng and Qinzhou harbors in Guangxi are the only ports in the southwest, the five provinces and autonomous regions have invested heavily to expand their handling capacities, according to the officials.

Aviation has been flourishing in the region as well, the officials noted. Currently, Kunming, capital city of Yunnan, Nanning, capital of Guangxi, Guiyang, capital of Guizhou, and Chengdu, capital of Sichuan, have set up air links with Southeast Asian countries and regions.

Moreover, the provinces have shown interest in the development of the Mekong River, which is called Lancang in China. It originates on the Qinghai-Tibet plateau and runs through several Southeast Asia countries, the officials said.

They said the development of the multinational river will benefit both China and neighboring countries.

Oil Corporation Reveals Price Reform Schedule

HK2508043293 Beijing CHINA DAILY in English 25
Aug 93 p 1

[Report by Chang Weimin: "Oil Price Controls To Be Lifted Gradually"]

[Text] The price of crude oil, which has been under strict government control, will be gradually raised to world-market levels in the next three years, it was announced yesterday.

Wang Tao, President of the China National Petroleum Corporation (CNPC), yesterday for the first time provided a timetable on oil-price reform.

At a news conference in Beijing, organized by the State Council's information Office, Wang said, "The reform needs support from the central government."

At present, three kinds of prices exist in China: The official price of some 200 yuan (\$35) per ton, the State-set preferential price of 540 yuan (\$95) per ton and the open market price of about 1,300 yuan (\$228) per ton.

The official price applies to most of the crude oil supplied by State oil producers, while only a limited portion of the output is sold on the open market.

Over the last five years, China has four times adjusted the official price of crude oil but the price is still too low to cover production costs, Wang said.

Chinese oil fields have suffered from losses since 1988 when the former Ministry of Petroleum Industry was dissolved. CNPC and the China Petrochemical Corporation (Sinopec) have opened upstream and downstream industries separately since then.

CNPC suffered losses for the first time in 1988, which amounted to 1.4 billion yuan (\$246 million). In 1989 the losses increased to 4.3 billion yuan (\$754 million).

The losses increased in the last few years as the prices of steel, wood, and other materials climbed.

Wang appealed for reforms to bring the industry in line with international conventions.

"We 1.5 million people in CNPC's 21 oil and gas fields expect the industry will be as it should," Wang said. He did not elaborate.

An industry expert said a reform to combine oil exploration and development and petrochemical manufacturing into one sector is becoming urgent.

In the outside world, major oil firms are responsible for both oil exploration and development and petrochemical manufacturing.

At the conference, Wang revealed China will export 19 million tons of crude oil this year, compared with 20.7 million tons in 1992.

Imports of crude oil will be increased to 15 million tons this year from 12.3 million in 1992. Some day, imports would exceed exports, he said. However, China will not stop exports as it needs foreign currency.

Wang said international bidding for risk exploration and development in oil-bearing areas in nine provinces and autonomous regions in northern China will begin at the end of this year or early in 1994.

CNPC began an international bidding early this year for oil exploration in the Tarim Basin in Xinjiang Uygur Autonomous Region.

Sixty-eight oil firms from 17 countries have inquired about entering the basin's 72,300-square-kilometre southeastern section.

Wang said the bid winners will be announced in the last quarter of this year.

A long-distance pipeline for carrying oil from Tarim to central China is on the drawing board.

China is able to build the \$1.75 billion pipeline but might seek foreign investors, Wang said.

Coal Price To Be Freed, Subsidies To End in 1994

HK2508003693 Beijing ZHONGGUO XINWEN SHE in English 0740 GMT 24 Aug 93

[Text] Beijing, August 24 (CNS)—China's coal industry will totally open next year in terms of its price and will be responsible both for its gains and its losses. It will free itself of the restraints of planned economic management and no longer enjoy state subsidies.

According to the Ministry of Coal Industry, coal at present is allocated by the state and its price is comparatively low with one tonne of coal being sold at 30 to 40 yuan while the same amount costs more than 70 yuan to produce, meaning that the state must give up to 40 yuan to subsidize one tonne of coal.

The price of coal has been partially opened with one tonne being sold at 120 to 200 yuan. Since 1992, some of the key state-owned coal mines have opened their prices and another one-third of them will open their prices this year with the rest following next year.

In the past three years, state subsidies to this industry amounted to RMB [renminbi] 6 billion. In the first half of this year, the key state-owned coal mines in the country saw a loss of RMB 2.333 billion, RMB 919 million less than the planned figure.

At the beginning of this year, in order to reduce production costs and raise economic results, the ministry worked out a plan to reduce staff and workers by 145,000. By the end of last June, the ministry had cut the number of employees by 101,100, 70 percent of its total. Seventy-two percent of the key state-owned coal mines reached the target set for reducing their losses.

According to an official from the ministry, the coal industry made good progress in reducing its losses and increasing its profits in the first half of this year, but there is less optimism for the second half of the year. There are two big problems facing the industry: one is the shortage of money and the other is the transport problem.

Urban Unemployment Rate 'Stable' at 2.3 Percent

HK2508043693 Beijing CHINA DAILY in English 25 Aug 93 p 3

[Unattributed report: "City Jobless Rate Is Still a Low 2.3 Percent"]

[Text] While urban employment has remained stable, the jobless rate in some areas like the defence industry based and coal mining areas remains as high as 10 percent, a senior official of the Ministry of Labour said yesterday.

The country's overall city unemployment rate is estimated at only 2.3 percent, with 3.6 million seeking jobs.

The official, who declined to be identified, told China Daily that the stable urban employment rate was due to increasing attrition and a decrease in the number of new labourers since earlier this year.

He said the "second employment peak"—the huge number of job hunters born in the turn of the 1970's before the family planning policy was adopted—has passed.

The number of new job-seekers dropped by 500,000 in the first half of this year, compared with the same period last year.

According to the latest report by the State Statistics Bureau, China's total urban jobs declined to 146.8 million by the end of June, 1.13 million less than the end of 1992.

Many Chinese enterprises, gaining back rights to decide their own hiring and firing, now refrain from recruiting new labourers to make up for attrition. These firms want to improve their efficiency.

Labour officials said that though the "employment peak" period has passed, old problems linger.

The jobless rate in many mountainous regions, minority-dwelled regions, border areas, old defence industry sites, coal mines, and forestry regions still hovers above 3 per cent, in some cases as high as 10 per cent.

Most of the mentioned regions are economically backward. Also, poor communications prohibit labourers there from looking for outside jobs, the labour Ministry said.

On the other hand, some collectively owned enterprises have been forced out of business because of poor equipment, lack of investment, and unskilled labour force.

As a result, workers laid off by these firms will have difficulty finding new jobs.

Most of China's collectively-owned "labour service companies" are set up to place urban unskilled laid-offs for the purpose of maintaining social security, officials said.

The Labour Ministry official said that private-owned businesses are creating new jobs, while the State public sector is reducing employees.

He said that the private sector, including foreign-invested firms, increased their staff by more than 300,000 in the last six months.

"But, the State and public sector cut their work force by over 1.4 million," he said.

In the meantime, the rural township and village-run industries increased their working staff by three million, he said.

Government-Paid, Private Overseas Trips Banned

OW2408205493 Beijing XINHUA Domestic Service in Chinese 2140 GMT 23 Aug 93

[Text] Beijing, 24 Aug (XINHUA)—The National Tourism Administration recently issued a "Circular on Strictly Banning the Practice of Traveling Abroad at Government Expense Under the Pretext of Making Self-Paid Overseas Trips." The circular urges all provincial, autonomous regional, and municipal tourism bureaus, as well as all travel agencies, to handle matters in strict

accordance with relevant provisions, to earnestly strengthen management, and to firmly stop the practice of traveling abroad at government expense under the pretext of making self-paid overseas trips.

The circular clearly states: When organizing tours to "Hong Kong and Macao," "Singapore, Malaysia, Thailand, and the Philippines," and "border areas," travel agencies authorized by the state to organize self-paid overseas (out-of-country) tours are strictly forbidden to organize government-paid package tours or visiting groups for some departments and social organizations and to accept applications by party and government functionaries seeking to join government-paid trips. All authorized units and their agents should put the caveat "not for claiming reimbursements for self-paid trips" on the receipts they issue to people traveling on package tours. Tourist bureaus at all levels and travel agencies should actively join governments at all levels in banning government-paid overseas trips, and they should provide relevant information truthfully. They should return the full amounts of down payments when units for which they organize package tours demand refunds after the authorities stop their government-paid trips.

The circular continues: Without the approval of the State Council or the National Tourism Administration, no localities or departments have the right to approve businesses that organize self-paid overseas (out-of-country) tours for Chinese citizens. Tourism administrative departments at all levels should conscientiously perform their functions. In conjunction with relevant departments, they should resolutely ban and strictly deal with units that undertake this type of business without authorization.

ADB Gives 'Biggest Loan' for Fertilizer Industry

OW2508111893 Beijing XINHUA in English 1043 GMT 25 Aug 93

[Text] Manila, August 25 (XINHUA)—The Asian Development Bank (ADB) has approved a biggest loan of the bank this year of 250 million U.S. dollars to China for a fertilizer industry restructuring project.

The ADB said the project will finance restructuring investments to support the Chinese Government's market and enterprises reform to create a more efficient fertilizer industry.

The Chinese Government has developed a fertilizer sector program to remove price distortions, eliminate state distribution monopolies, restructure incentives for state-owned enterprises to diversify their ownership through shareholding systems, and develop a more competitive and transparent import regime.

The loan will also support the government's energy conservation and environmental improvement programs and increase the efficiency of energy utilization, the bank said.

The loan is repayable over 20 years, including a five-year grace period. The interest rate will be determined in accordance with the bank's pool-based variable lending rate system for U.S. dollar loans.

East Region

Fujian Leaders Receive Hong Kong Businessmen

HK2508020693 Beijing ZHONGGUO XINWEN SHE
in Chinese 1418 GMT 17 Aug 93

[By Huang Donghong (7806 2639 4767): "Chen Guangyi, Jia Qinglin Meet Li Ka-shing and Company"]

[Text] Chen Guangyi, secretary of the Fujian Provincial CPC Committee, and Jia Qinglin, Fujian governor, met with visiting famous Hong Kong businessmen Li Ka-shing, Wong Hak-lap, and their entourage.

The reception was held in a relaxed and active atmosphere, permeated with affection toward their hometown.

Chen Guangyi said: "In November last year when we were in Hong Kong, we especially invited Mr Li Ka-shing to come to Fujian. This year we assigned a good day, namely tomorrow, for Mr Li Ka-shing to lay the foundation for the "Sanfangqixiang" [0005 0972 0003 1574] renovation project in Fuzhou. We wish to thank Mr Li for his great support for Fujian."

Li Ka-shing used the word "thriving" to express the impression Fujian had made on him in a few hours.

Chen Guangyi briefed the guests on the situation of reform and opening up, as well as opportunities for development in Fujian. He said: The cooperation between Fujian and Mr Li Ka-shing in the renovation project created a new formula for protecting cultural relics and scenery. It is also a major measure to rebuild an old city using foreign funds, which will further improve the living environment for people in the urban area and will improve Fuzhou's image as an open city. The cooperation between Fujian and Cheung Kong (Holdings) Limited headed by Mr Li Ka-shing, which has gotten off to a good start, shows that Fujian has entered a wider field and a higher level in utilizing foreign funds.

As for the process of the renovation project, the relocation of 580 families on the 53 mu of land involved in the first phase project was accomplished in the last two months. Li Ka-shing expressed thanks to various departments in Fujian for their support. He said: "I have great faith in Fujian because it has favorable climatic, geographical, and human conditions." He hoped that the renovation project will become a good beginning to his cooperation with Fujian so that there will be cooperation in other fields in the future. Li Ka-shing also expressed his interest in investing in infrastructure projects on the mainland.

After the meeting, the provincial party committee and government gave a banquet in honor of Li Ka-shing and his company.

Jiangsu Circular Orders Cash Payment to Peasants

OW2508040593 Beijing XINHUA Domestic Service in Chinese 0827 GMT 18 Aug 93

[Text] Nanjing, 18 Aug (XINHUA)—In an emergency circular issued the other day, the Jiangsu Provincial People's Government reiterated that purchasing units must

pay cash to peasants for agricultural goods they have purchased, and places that settled accounts with villages after purchasing agricultural goods from individual households must immediately discontinue such a practice to safeguard peasants' legitimate rights and interests.

The circular says: This year Jiangsu Province has fully decontrolled the prices and trading operations of agricultural goods, removed state purchasing quotas, and purchased grain and cotton by contract. Because governments at various levels have taken positive measures to raise purchasing funds according to government policy, they have not issued any "white slips" [IOU's] while purchasing summer grain. However, some places, after purchasing commodities from individual households, chose to settle accounts with villages. After the peasants delivered the grain, these places paid the villages, and not the peasants; and after the villages got the money, they forcefully deducted all types of fees. Consequently, the peasants received very little money, or nothing at all. The circular says: Such a practice violates the policy put forth by the CPC Central Committee and State Council on reducing peasants' burdens and stopping unwarranted levies; it must be stopped immediately and firmly corrected.

The circular says: When the peasants deliver their agricultural goods according to contracts, the purchasing units must pay them cash. Except for agricultural tax and advanced cash payments, which the purchasing units may deduct from the payment according to regulations, no purchasing units may deduct or withhold any other levies, much less should they settle accounts with villages lest the villages forcefully deduct money. All violators must be seriously handled and their responsibilities investigated. To correct the situation, governments at all levels must organize relevant departments to check the way summer goods are purchased and seriously handle all cases of settling accounts with villages while purchasing from peasants, as well as cases of forceful deduction and withholding. Relevant departments must take prompt action to verify peasants' reports about this practice and handle their cases.

Jiangsu Modernizes Enterprises With Foreign Aid

OW2508103093 Beijing XINHUA in English 0836 GMT 25 Aug 93

[Text] Nanjing, August 25 (XINHUA)—More and more enterprises in east China's Jiangsu Province are cooperating with foreign companies in upgrading their technology and boosting exports.

This is China's largest industrial province and it has 977 large and medium-sized enterprises, whose production accounts for 36 percent of the province's total.

"These enterprises have better working facilities, strong technical forces and more property," a provincial official in charge of industry said, "but they are limited by the management system and can hardly display their talents in the market economy."

To help these enterprises remodel their systems, the government of Wuxi, one of the economically-developed cities in the province, took the lead in encouraging and helping its large and medium-sized enterprises cooperate with foreign companies over the past couple of years.

At present, 146 larger enterprises in the city have set up more than 200 Sino-foreign projects.

In Suzhou, also an economically-developed city in the province, over 60 percent of the large and medium-sized enterprises have cooperated with larger foreign companies and financial groups.

One example is the color television development and manufacture center, a joint venture run by the Suzhou Television Plant and Philips Company of the Netherlands. It is developing the world's most technology-advanced TV sets.

The official said, "to better develop the market economy, large enterprises have joined hands in using foreign capital."

As a result of setting up five large projects with a combined investment of 100 million U.S. dollars in cooperation with foreign companies, the Wuxi Steel Plant is able to produce an annual 300,000 tons of alloy steel and other steel products much in demand in the market.

According to the official, the province has set up 600 Sino-foreign joint ventures, each with an investment exceeding 10 million U.S. dollars.

Bank Grants Loan for Shanghai Development Zones

OW2508040393 Beijing XINHUA in English 0223
GMT 25 Aug 93

[Text] Shanghai, August 25 (XINHUA)—The Shanghai branch of the Bank of China has just granted a 35 million yuan long-term loan at a discount rate of interest to help construction of two development zones here.

Shanghai is China's largest economic center.

According to Liu Jinbao, acting president of the bank's branch, the bank has focused on supporting enterprises and organizations with highest economic efficiency and the best industrial structure.

•Liu noted that the bank has already provided huge credits to the Minhang and Caohejing development zones, including 109 million yuan long-term loans at discount rates of interest.

A municipal official in charge of development zones said that with bank support, the Minhang development zone generated production output value totalling 2.34 billion yuan and delivered 590 million yuan in taxes and profits to the government in the first half of this year, an increase of 40 percent and 50 percent over the same period last year.

Now the zone is undertaking the second phase of construction and has approved the establishment of several larger projects, each costing more than 10 million U.S. dollars.

Covering six square kilometers, the Caohejing Xinxing technology development zone has already completed half of the development work.

It had generated about 2 billion yuan worth of production output value and delivered 345 million yuan in taxes and profits to the government in the first six months of this year, a big increase over the same period last year.

Report on Shanghai Foreign-Funded Firms' Taxes

OW2408125993 Beijing XINHUA in English 1107
GMT 24 Aug 93

[Text] Shanghai, August 24 (XINHUA)—The total sum of taxes collected from foreign-funded businesses in Shanghai, the largest manufacturing center in China, almost doubled in the first half of this year—mainly because there are so many more of them than a year earlier, a government official said today.

Zhou Youdao, director of the Shanghai Municipal Finance Bureau, said that these businesses paid a total of 1.35 billion yuan (about 237 million U.S. dollars) in taxes in the first half of this year, up 93 percent from the same period in 1992.

Zhou said the big increase was due primarily to more foreign-funded firms having opened in Shanghai. During the first six months of the year, 1,200 such firms began paying taxes, and their share totalled 270 million yuan.

Another reason for the increased tax yield was that production of foreign-funded companies soared nearly 56 percent during that period, bringing 250 million more yuan in taxes to the government, he said.

Central-South Region

Guangdong Sends Teams To Check 'Fake' Goods

HK2508020493 Beijing ZHONGGUO XINWEN SHE
in Chinese 1206 GMT 17 Aug 93

[By reporter Liu Taishan (0491 3141 1472): "Guangdong Takes Strong Measures Against 'Counterfeit Goods'"]

[Text] Guangzhou, 17 Aug (ZHONGGUO TONGXUN SHE)—Tomorrow the Guangdong Provincial People's Congress and Government will send 10 inspection groups to 20 cities across the province to check up and crack down on the illegal activities of manufacturing and selling fake commodities, focusing on typical cases.

To crack down on illegal activities of manufacturing and selling counterfeits and to bring social order out of chaos are two key jobs set for this year by the provincial people's congress and government.

At the mobilization meeting held today on the province-wide examination of matters related to cracking down on counterfeit goods, Vice Governor Liu Weiming, chief of the provincial leading group for cracking down on counterfeit goods, said: Over the past decade and more, various places in Guangdong have greatly improved product quality, but there also have been serious offenses of manufacturing and selling counterfeit commodities which, time and again, have led to the deaths or injury of customers.

Statistics show that consumer councils in various places across the province have received more than 10,000 complaints from customers in the first half of this year, up 50 percent over the same period last year. The facts are: Some enterprises produced inferior products, law-breakers manufactured fake goods, and marketing departments failed to carry out a rigid examination, resulting in a great quantity of counterfeit goods on the market.

The complaints show that the counterfeit commodities found in Guangdong's markets are largely electrical appliances, goods for everyday consumption, food, and others. In the current campaign, therefore, the provincial government will focus on enterprises producing and marketing pesticides, fertilizers, medicines, and food, as well as on packing and printing businesses. The government also made it a rule that those officials who fail to take strong measures against "fake commodities" will be severely punished.

Guangdong Reports Economic Statistics for Jul

HK2508013893 *Guangzhou Guangdong People's Radio Network in Mandarin 1000 GMT 20 Aug 93*

[Text] According to the macroeconomic analysis for July, which has been announced by the Provincial Statistical Bureau, with the implementation of various macroscopic regulative measures by the state, our province's economic construction continued to develop in a good form, and the operation of macroscopic economy was stable. The speed of industrial growth declined, the growth rate in July dropped [word indistinct] percent compared with that in June, and the gross industrial output value was 30.4 billion yuan. Second, bottleneck factors were alleviated slightly. In July, the volume of rail freight throughout the province was 7.8 percent higher than in June, and generated energy grew 24.2 percent. In addition, savings and deposits of people living in both urban and rural areas increased. Since the renminbi exchange rate began to stabilize and higher interest rates were offered, the amount of savings by people living in both urban and rural areas throughout the province in July increased 41 percent compared with June.

It was obvious that the market prospered and institutional consumption began to slow down in July. According to the statistics, commodity retail sales turnover throughout the

province in July was over 11.5 billion yuan, while institutional consumption dropped three percent.

Henan Reports Real Estate Trade Figures

HK2508014093 *Zhengzhou Henan People's Radio Network in Mandarin 1030 GMT 20 Aug 93*

[Excerpt] With the progress of the reform and opening up, and with the establishment of the market economic system, the real estate industry has quietly entered our social life. Use of land as property has ceased to be free and intangible, and now is charged and tangible. Houses also have become gradually commercialized, no longer freely provided.

The commercialization of real estate is the goal and current objective of the reform. Recently, with Henan's continued economic development, real estate in this province also has [words indistinct] and shown a gratifying momentum of growth. In 1992, total investment in real estate throughout the province was 1.268 billion yuan, up 119 percent over the previous year. A total of 9.095 million square meters of commodity houses began to be constructed, up 75.1 percent, and 1.8 million square meters were completed, breaking the record of 1.1 million which had not been bettered for many years.

The number of real estate development companies has doubled and redoubled. In 1991, there were 157; in 1992, the number rose to 387; now there are 665. Unlike the previous monopoly of state ownership, today's real estate enterprises include state-owned firms, which dominate; collective joint stock enterprises; individual-operated firms; privately owned firms; and wholly or partially foreign-funded firms. They advance together at an equal pace. In particular, the joining by individually operated, privately owned, and wholly or partially foreign funded enterprises has brought forth a brand new [words indistinct] to the development and operation of real estate industry. [passage omitted]

Southwest Region

Tibet Airport Finishes 'Longest' Runway

OW1608175993 *Beijing XINHUA in English 1549 GMT 16 Aug 93*

[Text] Lhasa, August 16 (XINHUA)—Construction of the main runway of Bangda Airport in Tibet, the longest of its kind in the world, has been completed.

Located in Qamdo Prefecture in southwest China's Tibet, Bangda has also the highest elevation of any airport in the world. Its main runway is 5,500 meter long.

The airport is a national major construction project for the period of the Eighth State Five-Year Plan (1991-95). The total investment in the airport is expected to reach 210 million yuan.

The airport is scheduled to be completed in September next year.

Documentary on Tibetan Culture Due for Release

OW2508090893 Beijing XINHUA in English 0810
GMT 25 Aug 93

[Text] Lhasa, August 25 (XINHUA)—A 12-part documentary, entitled "Tibetan Culture Series" is scheduled for completion later this year.

The documentary is claimed to be the most faithful reflection of the customs and traditional culture of the Tibetan people.

Focusing on Tibetans' daily life, the film is entirely different from previous documentaries on the same subject which exhibit revelries and fascinating sights in Tibet.

The new film faithfully presents Tibet as it is today—an integration of the past and the present, this world and the celestial.

Skilled craftsmen breathe life to mud, clay and bronze and find pleasure in their creative work.

Religious believers seek seclusion in remote mountains.

Tibetans adore "spirit". The film also presents the ritual of living Buddha's reincarnation and the ceremony of soul removal after death.

As an important element of folklores, Tibetans' marriage is also well captured in the documentary.

For instance, in a far-away area of Tibet, husband and wife live apart to keep to the tradition handed down from their forefathers. And several brothers marry one woman to maintain an intact, large family.

Many scenes concerning the local folkways are shown publicly for the first time. Some anthropologists and sociologists especially appreciate the film's first-hand materials

Meanwhile, live interviews, track cameraing and on-the-spot sound recording have helped the film present a more real life in Tibet. "As the land is rich in culture, it is

possible for us to continue to shoot more fascinating things in coming years," the two screen playwrights said.

Having lived in Tibet for many years, the production team understand the land. They spent two years covering a distance of over 40,000 km in search of reliable materials.

The film, made by the International Film and Television Ltd. in Tibet, has two versions, in English and Chinese.

Lhasa Holds 'Buddha Portrait-Unfolding Ceremony'

HK2508020293 Beijing ZHONGGUO XINWEN SHE
in Chinese 0801 GMT 19 Aug 93

[By correspondent Zhangbu Daian (4545 1580 0108 1344): "30,000 Monks and Laymen Participate in a 'Buddha Portrait-Unfolding' Ceremony in Lhasa"]

[Text] Lhasa, 19 Aug (ZHONGGUO TONGXUN SHE)—The morning of 17 August witnessed the unprecedented pomp of the "Buddha portrait-unfolding" ceremony at the Zhebang Monastery in Lhasa. A total of 30,000 monks and Buddhists took part in the ceremony.

The 17th of August was the last day of the sixth month on the Tibetan calendar. Early in the morning, when the sun had just shone on the Zhebang Monastery, monks and Buddhists from Lhasa and nearby districts thronged toward the monastery to wait for the moment when the Buddha portrait would be unfolded.

The Zhebang Monastery, which is located at the foot of the Gengpeiwuzi [2577 1014 3527 1320] Mountain, west of Lhasa, was built in 1416. The monastery, which is composed of many multilayer temples, is the largest Buddhist monastery in the Tibet Autonomous Region. For the ceremony, the lamas of the monastery had redecorated the main temples and swept the lanes linking the various temples.

At 0715, joss sticks and candles in the various temples were lit and Buddhist trumpets were blown. While the scriptures were being chanted, 100 lamas came to the "Buddha portrait-unfolding platform" and slowly spread open, from top to bottom, the huge portrait of Sakyamuni [founder of Buddhism] which was woven of silk.

At 0758, when the whole picture was spread out, Buddhists in their tens of thousands tossed up their hadas [scarves] and prostrated themselves in worship amid the sound of scriptures being chanted.

The "Buddha portrait-unfolding" ceremony is an important Buddhist ceremony peculiar to Tibet, and is held on every religious festival. The "Buddha portrait-unfolding" ceremony is closely related to the "Xuedun [7185 7319] festival," which is held once a year.

North Region

Hebei Holds Meeting for Mayors, Commissioners

Governor Discusses Economy

SK2008063093 Shijiazhuang HEBEI RIBAO in Chinese 22 Jul 93 pp 1, 2

["Excerpts" of speech delivered by Hebei Governor Ye Liansong at the provincial meeting of mayors and commissioners on 21 July: "Conscientiously Analyze the Situation, Implement the Central Decision, and Ensure the Fulfillment of the Tasks for This Year's Economic Construction"]

[Text] Comrades:

The major purposes of this meeting of mayors and commissioners are to further implement the important decision of the party Central Committee and the State Council on strengthening macro regulation and control and achieving success in economic work, to conscientiously analyze the provincial economic situation of the first half of this year, and to arrange the major tasks of the economic work for the second half of the year.

Thorough study, correct understanding, and resolute implementation of the important decision of the party Central Committee and State Council on the current economic work has a very important significance in our efforts to positively, comprehensively, and accurately understand Comrade Deng Xiaoping's important speeches given during his south China inspection and the guidelines of the 14th national party congress; to unify our thinking and have a good command of the current economic situation; to better seize, value, and use the opportunity; to continue developing the hard-won good situation; to ensure the smooth progress of reform, opening up, and economic construction; and to promote a sustained, speedy, and healthy economic development. The purpose of this meeting is, focusing on implementing the guidelines of central documents, to unify our thinking, clarify our work tasks, and make sure that the guidelines of central documents are implemented in Hebei in line with its actual conditions. I will speak on three issues for your study.

1. The general economic situation of Hebei has been good since the beginning of 1993, but conspicuous contradictions and problems requiring urgent solutions have also existed.

Guided by Comrade Deng Xiaoping's important speeches and the guidelines of the 14th national party congress and inspired by the "outlines of Hebei's economic development" approved at the first session of the eighth provincial people's congress and the grand goal of building an economically strong province, people throughout Hebei have seized the opportunity, displayed high enthusiasm for accelerating development, and achieved fairly good results in reform, opening up, and economic construction since the beginning of this year. According to statistics, Hebei's gross national product [GNP] in the first sixth months of

this year registered a 14.6-percent increase over the same period of last year. Despite the serious drought, a fairly good harvest was reaped in summer grain. Industrial production was increased fairly rapidly, and economic efficiency improved steadily. The January-June industrial output value of the enterprises at and above the township level rose by 18.5 percent over that of the same period last year. From January to May this year, the overall index of the economic efficiency of the industrial enterprises at and above the township level of the province reached 102.8 percent, up 27.7 percentage points from the same period last year; the profits and taxes created by local budgetary industrial enterprises grew by 1.2 times; and the profit-tax rate of sales and the profit-tax rate of funds rose by 5.9 and 11.6 percentage points, respectively. The development of township enterprises was further accelerated, with their output value increasing by 79.8 percent over the same period last year, their profits increasing by 69 percent, and their taxes turned over to the state increasing by 51.6 percent. Markets were invigorated step by step, and price rises remained fairly stable. In the first sixth months of this year, Hebei's commodity retail sales volume registered an 11.2-percent increase over the same period last year; and its January-May retail price general index rose by 7.7 percent over the same period last year. The revenue budget was implemented fairly successfully, and the January-June revenue was 11.2 percent higher than in the same period last year. The endeavor of opening to the outside world was expedited. Hebei used \$188 million of foreign capital in the first half of this year, close to last year's total amount; and its exports totaled \$958 million, up 23 percent.

While fully affirming our province's achievements during the first half of the year, we should also clearly recognize the new contradictions and problems on our way of advance and the severe situations in some aspects. Judging from the whole province's situation of economic performance, we have common problems pointed out by the central authorities and peculiar problems of Hebei, some of which are quite prominent. First, the banking situation was severe, the banking order was chaotic, and the contradictions between the supply and demand of funds were prominent. Second, the agricultural sector suffered serious drought, the output of summer grain declined, and the situation of autumn harvest was not optimistic. Third, the serious "bottleneck" situation restricted communications and energy development and affected industrial and agricultural production and foreign export trade. Fourth, the investment demand expanded, the structure of investment in fixed assets needed further readjustment, low-level overlapping construction began to pick up again, and the expenditures on administrative funds greatly exceeded the economic growth. Fifth, the financial situation was strained and the contradiction of unbalanced revenue and expenditure was prominent.

Comprehensively analyzing the economic situation of the first half of the year is aimed at making us keep a clear head, recognize the good general economic situation of the whole province, look squarely at the present prominent contradictions and problems, conscientiously implement

the measures mentioned in the central document on strengthening and improving the macroeconomic regulation and control, and make up our mind to successfully solve the problems in an effort to promote a sustained, speedy, and sound national economic development.

2. We should unify the ideology and understanding of cadres in line with the guidelines of the central directive on strengthening macroeconomic regulation and control, realistically solve the contradictions and problems occurring in economic performance, seize the opportunity, and accelerate development.

The macroeconomic regulation and control measure adopted by the central authorities is formulated in the light of the prominent contradictions and problems emerged in the current economic development. It is an important policy decision for strengthening macroeconomic regulation and control under the condition of developing the socialist market economy, an important plan for actively, comprehensively and correctly implementing Comrade Deng Xiaoping's important speech and the guidelines of the 14th party congress, and an important measure for seizing, treasuring, and making good use of the opportunity and for accelerating reform, opening up, and economic development better. The central authorities have taken a broad and long-term view. Only by conscientiously implementing these policy decisions, plans and measures can we be able to maintain the good economic development trend which we have witnessed since last year, and guarantee a sustained, speedy, and sound economic development.

The measure adopted by the central authorities on strengthening and improving the macroeconomic regulation and control is proposed from the perspective of the overall situation and macroeconomy of the state, and is absolutely in conformity with Hebei's reality. We must regard conscientiously studying, profoundly understanding, and resolutely implementing the guidelines of the central documents as a central task of the economic work to be fulfilled during the second half of this year, consciously submit ourselves to the overall situation and the interests of the whole and regard whether we have conscientiously implemented the central document guidelines as an important sign of whether we have maintained a high degree of unity with the party Central Committee in an effort to safeguard unified nature, prestige, and effectiveness of the central authorities' macroeconomic regulation and control work in the whole country; strengthen organizational discipline; ensure strict enforcement of orders and prohibitions and the smooth implementation of government orders; and realistically implement the central guidelines in places where needed in Hebei.

The key to successfully implementing the central document guidelines is to unify the ideology and understanding of the broad masses of cadres, particularly the principal leading cadres at all levels. Without a unified understanding, there can be no resolute actions. Therefore, we must exert firm efforts to unify understanding.

First, we should unify our understanding on the current economic situation and fully discern the correctness, necessity, and promptness of the policy decisions made by the central authorities. The important speech given by Comrade Deng Xiaoping during his inspection tours in the south and the convocation of the 14th CPC Congress have enabled the entire country and province to enter a new stage of prosperous development. However, some prominent problems occurring in the economic work during the long period have not been checked, and some deep-rooted contradictions have not been dealt with satisfactorily. The series of measures for macro readjustment and control, which have been put forward by the central authorities in line with their correct judgment to the macroeconomic situation, are aimed at maintaining the rapid and smooth development of the economy. We must have correct understanding on these measures and actively master in an overall way the spirit of the central policy decisions. Efforts should be made to uphold the principle of having immediate interest be subordinate to long-term one and having partial interest be subordinate to whole one and to adopt effective measures to successfully implement the spirit of the central documents.

Second, we should unify our understanding on the prominent problems occurring in the economic work and upgrade our consciousness in implementing the central guideline. Serious problems that have been pointed out by the central authorities and occurred in the economic life are universal. All localities have such problems, but the degree of their problems is different. Units at all levels and various departments should compare and analyze their manifestations in this regard one by one with the measures put forward by the central authorities for enhancing the macro readjustment and control. They should also put forward their own measures for handling the manifestations. We should be also noted that all localities without exception have had the serious problems of chaotic financial order and irrational investment structure. Therefore, resolute efforts should be made to conduct consolidation and readjustment over them. Certainly in the course of specifically implementing the measures, we must uphold the principle of seeking truth from facts and proceeding from the reality; deal with the problem as it exists; and truly and successfully solve the existing problems.

Third, we should unify our understanding on the measures adopted by the central authorities for macro readjustment and control and do a good job in resolutely implementing the important policy decisions of the central authorities. The measures put forward by the central authorities for macro readjustment and control include the strong intent to cope with problems in various localities across the country and comprise the full consideration over the relations between immediate and long-term interests and between partial and whole interests. The successful implementation of these measures not only may maintain the favorable trend of economic development but also create a favorable macro environment for accelerating reform and opening up. Units at all levels and various departments throughout the province should study the measures article

by article and put forward specific opinions on implementing the measures. Efforts should be made to enhance the sense of law and discipline in formulating policies and to prevent and overcome the departmental selfishness and the splittism. We must do a good job in doing the things permitted by the central authorities and resolutely refrain from doing those that have not been approved by the central authorities. We should adopt measures to deal with problems occurring in the economy and continue to maintain what is normal. In implementing the central spirit, we should not only emancipate our minds but also seek truth from facts as well as not only do what we can but also do what we are capable so as to lessen the blindness.

Fourth, we should unify our understanding on macro-readjustment and control; that does not mean overall curtailment but means structural readjustment and the protection of key projects. In selecting the objectives of readjustment and control, we should stress giving priority to key projects as well as optimize the orientation of investment by proceeding from consolidating the financial order and support the construction of key productive projects. Meanwhile, we should adopt necessarily administrative methods and organizational measures in this regard. In enhancing the strength in readjustment and control, we should not only be determined to deal with the existing problems but also maintain the favorable trend of economic development.

We must unite the thinking of the broad masses of cadres with the spirit of the central policy decisions and have the central spirit be popularized to the letter among practical work. In the course of implementing the central spirit, attention should be paid to encouraging the people to thoroughly master the central spirit and the province's reality as well as to integrating well the spirit with the reality. Meanwhile, we should deal with in a timely manner the new phenomena and problems occurring in the economic operation. By implementing the spirit of the central policy decision, we should enable the province's reform and opening up to further achieve expansion and development; the economic structure to be further optimized; the economic results to be further increased; the province's economy to be realistically oriented onto the track of sustained, quick, and healthy development.

3. We should focus the attention to accelerating development on deepening reform, transforming mechanism, optimizing structure, and improving efficiency and conscientiously achieve success in the work for the second half of this year.

Comprehensive implementation of central guidelines has a very important bearing on achieving success in the economic work for the second half of this year, implementing the "outlines of Hebei's economic development," maintaining the good economic development trend created in the first half of this year, and facilitating a sustained, speedy, and healthy economic development in the province. Guided by central guidelines, we should pay attention to the following work.

A. We should rectify the financial order and strictly enforce financial discipline.

The various contradictions in the current economic operation is reflected in the strained supplies of funds and the grim financial situation. Therefore, it is very correct for the central authorities to regard rectifying the financial order and strictly enforcing financial discipline as the important measure for stabilizing the financial situation and, starting with it, to solve with great efforts the problems in financial work. In line with the clear stipulations of the central authorities and the arrangements made at the provincial financial work conference, we should adopt realistic and effective measures to resolutely check arbitrary collection of funds and properly handle the funds already collected through high interest rates in line with the specific conditions of each case. When collecting funds in the future, enterprises should strictly go through stipulated procedures for approval, and the interest rate they offer should be no higher than that of the treasury bonds for the same period. Law and discipline breaches, such as extending loans through unprincipled personal connections, by offering high interest rates openly or in a disguised way, or to seek selfish gains, should be resolutely prohibited. We should resolutely correct and recall the interbank loans extended in violation of regulations. We should clear up and rectify postal savings. Postal savings are important sources of funds of central banks to be used under the unified arrangements of the head office of the People's Bank of China, and no departments, localities, or individuals are allowed to withhold or divert them. Unauthorized increases of interest rates and violations of the discipline for final accounts should be corrected immediately. A large-scale inspection on enforcement of the discipline will be conducted in the third quarter of this year. All monetary organizations are prohibited from using credit funds to engage in stock, bond, and real estate speculation or to buy stocks of enterprises and using the funds as the capital of their own economic entities. Monetary organizations should immediately correct their violation of regulations and discipline, such as the improper practice of establishing companies in defiance of financial regulations and systems, the practice of using credit funds in real estate and stock speculation, and the practice of abusing power for selfish gains. Banks at all levels should strengthen management, strictly enforce financial discipline, and strictly investigate and deal with violation of financial regulations and systems and other rules and discipline. Nonbanking monetary organizations and the various types of economic entities established by banks of various types and at various levels should sever their personnel, financial, and material ties with the banks as soon as possible. Monetary organizations established without the approval of the People's Bank of China should be disbanded or merged to approved monetary organizations within a definite time. We should rapidly improve the province's financial order through realistic and effective measures.

B. We should achieve success in the current agricultural production and conquer the numerous natural disasters to reap a good harvest in the whole year.

The present is the crucial period for the growth of autumn crops and also a period when natural disasters are frequent. We should lose no time in carrying out the current agricultural production and be prepared at all times against various natural disasters. This is very important to reaping a good harvest this year.

We should pay attention to the management of autumn crop fields. Taking advantage of the current rainfall to alleviate drought, we should pool leadership forces and devote time to work hard in July and August and achieve success in autumn production so as to use autumn harvest to make up for summer harvest and win a good harvest in the whole year.

We should pay attention to eliminating the third generation of bollworms. As demanded by the provincial government, governments at various levels should conduct conscientious organization, make thorough arrangements, and make extensive mobilization to resolutely control the damages caused by the third generation of bollworms with a view to fulfilling the target of ensuring an 8-percent increase and striving for a 9-percent increase in the total output of cotton.

We should simultaneously grasp flood prevention and drought fighting. All levels of cadres and the masses must overcome the careless idea and the idea of trusting to luck and prevent serious calamities based on preventing serious floods. Leaders at all levels should go deep into the first line to inspect antiflood situation in order to remove hidden perils of accidents, and should mobilize the masses and pertinent departments to put the work on a solid basis in organization, goods and materials, ranks or workers, and measures. At the same time, we should pay attention to preventing the possible summer drought and autumn drought and should use reservoirs, river courses, and pools to store as much water as possible on the prerequisite of ensuring safety in order to store sufficient water resources for combating drought.

We should continue to implement various policies that benefit peasants and organize various departments to support agriculture. At present, all localities should continue to reduce the burdens on peasants and pay attention to screening, consolidation, and establishment of regulations and systems with an effort to control peasants' burdens within 5 percent of their per capita net income of last year. We should further ensure the supply of funds for procuring agricultural and sideline products and make positive preparations for procuring agricultural and sideline products in autumn in the course of doing well the procurement of summer grain. We should resolutely fix the ceiling prices of means of production to actually safeguard the legitimate rights and interests of peasants.

We should firmly grasp the current work and plan for the future work. Proceeding from local realities, all localities should, in the course of grasping the current production well, make conscientious plans and arrangements for the long-term development of agriculture to make the province's agriculture embark on a new stage as quickly as possible.

C. We should unfailingly grasp industrial production, continue to maintain simultaneous increases in growth rate and efficiency, and ensure the fulfillment of the target of "three increases and one progress."

In the first half of this year, the province's industrial production situation was good in general. However, in the process of advance, some new contradictions and problems also occurred. We must have a clear understanding, make full estimation, make correct policy decisions, and do a solid job to maintain the good trend of economic development and maintain the sustained, rapid, and sound development of the province's economy. To this end, we should pay attention to the following tasks:

We should strengthen production management and exert great effort in solving difficult points and problems that hamper industrial development to ensure the normal operation of industrial production. We should strengthen fund management and muster the funds on key projects. For the 266 enterprises in the province whose products have a good market and whose economic efficiency is high, their demands of floating funds must be ensured on a priority basis. Of these enterprises, 132 are even more important. For the 165 key technological transformation projects, various banks and pertinent departments should emphatically ensure the supply of the funds demanded by these projects in order to ensure their normal production and construction. We should strengthen transportation management. We should try to arrange as much transportation capacity as possible for railway departments, particularly the capacity of the trains to the south. We should actually arrange well the transport capacity in line with the principles of "ensuring the transport of the goods of enterprises that deliver handsome profit and tax and of key projects and giving priority to the transport of the goods urgently needed by production, the export-oriented products that can earn foreign exchange, and the products with high efficiency and high added value. At the same time, we should pay attention to taking the strain off the transportation system and comprehensive transportation work, reduce the pressure on railway transport, and alleviate the strained transport situation. We should strengthen power allocation, actively grasp the work of having the existing power generating units steadily, and fully generate electricity and the new generating units operate normally. Meanwhile, we should use electricity in a planned manner, practice economy in using electricity, alleviate the strained power situation, and guarantee a normal progress in industrial production.

We should strengthen marketing work, develop markets, and expand sales. Continued efforts should be made to implement the marketing contract responsible system with "five fixed production quotas and one contract" as the main content, do a good job in restricting production of goods that sell slowly or are overstocked and reduce excessive stockpiles, promote the sales of goods, exert strenuous efforts to develop market and promote sales, maintain the annual marketing rate of industrial goods at

more than 97 percent, and make sure that the marketing period of stockpiled finished products can be controlled at 40 days.

We should actively carry out activities on scientific and technological progress. On the basis of the "dragon-tiger plan" and "six aspects of work," we should pay attention to 10 tasks concerning technological progress, extensively and deeply carry out "scientific and technological progress-year" activities, help enterprises enhance their overall quality, promote the upgrading and updating of equipment, increase product varieties, raise the product quality and level, and accelerate the pace of developing basic industry and newly rising industries.

We should actively carry out activities on "making increases in three aspects and moving one place forward." We should realistically grasp supervision, assessment, and implementation of the target set for this work.

D. We should actively raise funds, optimize the supply of funds, and guarantee the needs of industrial and agricultural production and key construction projects.

Since the beginning of this year, our province has suffered a great shortage of funds which has directly affected industrial and agricultural production. The decentralized use of funds has resulted in unsatisfactory progress of some state and provincial key construction projects. During the second half of this year, we should regard actively collecting funds and meeting the needs of industrial and agricultural production, the purchase of goods for foreign trade, supporting funds for the "three types of foreign-funded" enterprises and key construction projects as one of the important tasks of banks at all levels and other banking units and should grasp it well. First, we should make full use of the opportunity in which the state has raised the interest rate, pay attention to increasing savings deposits through various forms, and guarantee a fairly large increase in the sources of funds. Second, we should assess investment in fixed assets and tap potential and make flexible use of reserve funds. We should actively help enterprises reduce the amount of funds tied up by finished products, goods shipped in transit, and receivable and advance payment for goods, and speed up the circulation of funds. Third, the recovered unauthorized interbank loans should mainly be used for supplementing the needs of circulation funds of enterprises with good efficiency. Fourth, we should raise funds through various channels. The task of raising funds of various banking departments and relevant units set by the provincial government this year must be fulfilled with utmost efforts so as to support the state and provincial key construction projects. Fifth, we should introduce foreign capital through various forms and channels.

We should optimize the supply of funds and use the limited amount of funds in places where needed. In the arrangement of funds, in addition to guaranteeing payment of savings deposits and the wages, we should guarantee three priorities in current economic work: First, after fulfilling the summer grain purchasing task, we should continue to raise funds, guarantee funds for the needs of

current agricultural production and the purchase of grain and cotton during autumn, and resolutely attain the goal that no "IOU" will be issued to peasants. The agricultural production funds raised during the second half of this year should mainly be used for guaranteeing the needs of wheat sowing, the purchase of badly needed chemical fertilizers, agricultural chemicals, diesel oil and other agricultural capital goods, and marine aquaculture. Second, we should guarantee working funds for enterprises with good efficiency and production of key industrial enterprises. We should give priority to guaranteeing the 266 industrial enterprises selected by the production committee of the provincial government, especially the 132 enterprises that undertake the state and provincial guidance production tasks, produce marketable products and high economic efficiency, and help to readjust the product mix, alleviate the "bottleneck" factor of restriction, and create high profits, taxes, and foreign exchange. Circulation funds needed by foreign trade enterprises for purchasing purposes should be solved by the banking organs, including the Bank of China. Third, we should guarantee the needs of funds for key construction projects and technological transformation projects. 1) In the latter half of this year, all cities and prefectures should conscientiously take stock of, examine and verify, and arrange the existing ongoing projects; guarantee a number of state and provincial key projects relating to the overall economic development situation; and guarantee the 82 key state and provincial key projects defined by the provincial government, including the 46 projects that should go into operation within this year, the 26 projects that should go into operation next year, and 10 major infrastructural facilities. The provincial government has respectively asked the industrial bank, the construction bank, the agricultural bank, and the financial and economic development investment company to share the deficiency in the 68 technological transformation projects that conform to the state industrial policies, are conducive to the structural readjustment, and have great functions for alleviating the restrictions of "bottlenecks." These units should positively collect funds to ensure the construction of these projects. We should realistically grasp the construction of the 80 projects with special state loans that have been assigned to the lower levels and the projects with high market demands and less investment, that can be completed within a short period of time, with the possibility for withdrawal of investment at a faster speed, with good economic results, and with construction capital sources. 2) We should take stock of, examine and verify, and preliminarily define ordinary projects. It is also necessary to suspend the construction of the 78 projects not conforming to the state industrial policies and without investment sources, conditions for starting construction, and bright market prospects. 3) No new construction will be started on projects within this year except for the agricultural, water conservancy, power industrial, transportation, communications, and key raw materials projects, schools, hospitals, grain and cotton storage facilities, urban public utilities, housing projects, and the projects on using foreign capital according to effective contracts. 4) We should strictly enforce the regulations on starting the construction

of large and medium-sized capital construction projects and technological transformation projects with the approvals of the State Council.

E. We should expand the extent of reform and solve the contradictions and problems in the current economic activities by deepening the reform.

The good situation comes from reform. Many problems in the current economic activities emerge in the course of replacing the old systems by the new. We should also rely on deepening reform to solve these problems and develop the good situation. To this end, in the latter half of this year, we should expand the extent of reform in the following few aspects. First, we should continue to exert great efforts to implement the "regulations" and really return rights to enterprises. We should assign to the departments concerned the 14 decision-making rights to management that should be delegated to lower levels according to their functions and carry out the system of responsibility for delegation of rights. Now, the duties of various departments have been defined. The provincial commission for economic restructuring should realistically strengthen supervision and examination. The rights that should have been delegated to lower levels should be delegated to lower levels within a fixed time. Simultaneously, we should set up the system that enterprises assess the work of government departments and regard the assessment by enterprises as a content of assessment of governments' fulfillment of their duties. All cities and prefectures should also make appropriate arrangements for this work. Second, we should attend to the system reform to promote development and to accelerate the change of enterprises' managerial mechanisms. We should start from balancing the enterprise property rights relationship and focus our efforts on carrying out the shareholding system among the existing enterprises and conducting the system on a trial basis among new enterprises. This year, we should select 200 or 300 state-owned enterprises with conditions to carry out the shareholding system and organize and set up shareholding corporations and limited-liability companies. We should organically coordinate the implementation of the shareholding system among state-owned enterprises with the assimilation and use of foreign capital and be sure to promote the opening of the province to the outside world through reform and to promote the progress of reform by opening up. In addition, we should experiment with the system of contract for input and output, decontrolled management, management on a commissioned basis, management on a leasing basis, the forms adopted by the three kinds of foreign-funded enterprises, the management of state-owned enterprises by the people, and the reform of enterprises' labor, employment, and distribution systems among a group of selected enterprises. We should be determined to turn small state-owned enterprises and some medium-sized enterprises which earn meager profits or lose money into enterprises owned by the state but are run by nongovernmental units. With government approval, small state-owned industrial and commercial enterprises may sell their property rights openly, and enterprises are encouraged to cooperate or merge on their own accord. Enterprises that don't have enough assets to

pay off their debts should be determined to declare bankruptcy. We should make conscientious efforts to organize the third-round of contracting for the 1,100 industrial enterprises due this year. Third, we should successfully convert systems like the investment system, the monetary system, and the financial and tax system to macro management. We should clearly define investment scopes for different investors and resolutely institute the system under which owners of projects are responsible. Experimentation should be conducted in 20 selected projects this year. We should strengthen macro regulation and control over monetary work, transform the operating mechanism of banks more quickly, and standardize monetary behavior and order. We should actively facilitate reform of the financial and accounting systems, conscientiously implement state policies on adjusting tax categories and rates, improve the tax collection and management system, and better balance relations between enterprises in terms of distribution. Meanwhile, we should accelerate the reform of social insurance, employment, and other supporting systems and create a good external environment for enterprises to transform their mechanism.

F. We should greatly support and facilitate better and faster development of township enterprises.

We should continue adhering to the guiding principle of "adopting various ownerships and various systems to develop township enterprises, giving different guidance, and developing them boldly" and firmly regard faster development of township enterprises as a strategic task. In view of the serious agricultural losses resulting from disasters this year, we should further promote township enterprise development to a more prominent place. We should continue to attach equal importance to improvement and development. Some township enterprises' ability to meet market demands has declined. The fundamental reason for this is their lack of attention to improvement. Therefore, based on the changes in market demand, they should actively adjust the product mix, strengthen management, and pay close attention to the development of new products and the upgrading and updating of old products. We should actively guide and help township enterprises bring in funds and advanced technology from abroad to develop joint investment and cooperation. Judging from the situation of various localities in the past few years, an important way to develop township enterprises is to greatly develop shareholding cooperative enterprises, which is an important reform for township enterprises to improve and develop themselves because it not only helps strengthen their market mechanism but also helps effectively address funding problems. All localities should actively facilitate the shareholding cooperative system in line with the principle of "first developing it before rationalizing it and improving it in the process of development." We should conscientiously carry out the "plan for implementing the project of developing the township enterprises in the counties and cities along the coast, along railway and national highways, and around Beijing and Tianjin" and ensure a big development in these enterprises.

G. We should further accelerate multidirectional opening to domestic areas and the outside world.

All levels and all departments should comprehensively carry out the arrangements made by the provincial party committee and government for successfully developing the areas around the Bohai Bay, Beijing, and Tianjin and strive to attain the various targets of opening to domestic areas and the outside world for this year. We should conscientiously implement the "outlines of the plan for the frontline areas around the Bohai Bay" promulgated not long ago by the provincial government. Qinhuangdao, Tangshan, Cangzhou, and Shijiazhuang cities and pertinent provincial and city departments should formulate corresponding plans, arrangements, and measures in line with the plan. As for various economic and technical development zones of various kinds which have been approved to be built at or above the province level, we should actively carry out the programs of inviting business and introducing foreign capital in line with the spirit of the central documents and based on earnestly clearing everything up; accelerate the progress in building up these zones; and resolutely prevent from leaving the land waste. A good job should be done in earnestly making preparations for the economic and technical talks and export trade fair that will be sponsored by Hebei Province in late September 1993. As the talks of investment introduction and trades held by the province in Hong Kong will be closed soon, we should intensively make preparations for the talks' results in various fields, which include approval for the regulations of signed contracts; registration for the projects; design for the projects construction; and starting the operation of building these projects. We should also upgrade the rate of honoring the contracts. The economic and technical cooperation talks that will be held in Shijiazhuang by the province in November this year along with the opening of the fourth Wuqiao acrobatic festival represent an important measure adopted by our province for opening itself to domestic areas this year. Units at all levels and various departments should attach importance to them and do a good job in making careful preparations for them. We should continue to carry forward the favorable trend in the first half in foreign trade and exports and should further develop the good situation in which all circles are involved in foreign trade. Continuous efforts should be made to delegate the export business right to large and medium-sized enterprises that have conditions in exports and to bring into play the enthusiasm of various specialized companies, various cities and prefectures, and enterprises that possess the export rights. We should make efforts to expand the trades with foreign countries, which include border and barter trades, and conduct foreign trade and exports in multiple forms. We should also strive to have the general trade companies and the "three types of foreign-funded" enterprises fulfill their annual plan of earning foreign exchanges through exports. A good job should be done in settling the accounts of foreign exchanges and upgrading the rate of foreign exchange supply and sale. We should successfully conduct the work relating to the economic relations with foreign countries, strive to utilize more loans offered by foreign countries,

and actively organize labor migration and the signing of construction projects with foreign countries so as to increase the state income of foreign exchanges.

H. We should make efforts to increase revenues and curtail expenses so as to ensure a basic balance between financial revenues and expenditures.

Many factors of increasing expenditures in the second half of this year, the issuance of price hike policies, and the strained situation in productive and construction funds, are directly affecting the financial revenues this year. Therefore, tasks for realizing a balance between financial revenues and expenditures are quite arduous and we should do a good job in vigorously organizing the work of increasing financial revenues while implementing the guideline of the central authorities. The tax affairs departments at all levels should further enhance the collection and management of taxes and uphold the principle of conducting the tax affairs and collecting taxes in line with the law. We should fully hand over all tax revenues that need to be to the state and resolutely block tax evasions and breaches. A good job should be done in launching the campaign of "encouraging counties to increase their financial revenues and to reduce the subsidies given by the state to them". Efforts should be made to fulfill the fixed targets of having three counties gain 80 million yuan of financial revenues and six counties gain 50 million yuan of financial revenues by the end of this year as well as having four counties reduce the state subsidies by the end of this year. While vigorously organizing the work of increasing financial revenues, we should resolutely curtail expenses and particularly the nonproductive expenses of various categories. We should also further enhance the management, readjustment, and control over the funds outside the budget. A good job should be done in conducting collection and management over various funds and managing the funds of housing reform and social insurance as well as the incomes of paid land utilization. We should also do a good job in withdrawing the circulating funds and spending the limited funds on the undertakings of production and construction and on the undertakings that enjoy the priority in development.

I. We should deeply launch the yearly campaign of making scientific and technological progress and actively promote the work of integrating the scientific and technological education with economic development.

Through the "yearly campaign" we should organize all forces to successfully tackle key problems among the 50 key scientific and technological projects and work out 100 important applied and research results at or above the domestic advanced level. We should vigorously develop high and new technology industries and make efforts to accelerate the pace in developing and building national and provincial level high and new technology industrial development zones and the provincial level parks of enforcing the torch plan. Within the year we should establish 250 high and new technology enterprises, turn out 350 high and new technology products that can meet the competition of both domestic and foreign markets, and

vigorously increase the scientific and technological contents in the economic growth. We should also actively deepen the reform in the scientific and technological systems and encourage or support scientific and technological personnel to quit their jobs to open medium-sized, small, and township enterprises by signing contracts with the authorities, renting plants, and taking up the leadership of plants. These personnel may be also encouraged to sign contracts with the authorities on agricultural development so that the major scientific and technological forces can be gradually put into the main battlefields of economic construction. We should vigorously popularize the commercialization of technological research achievements, such as technology development, technology transfer, consultation, service, and purchase of shares. We should also accelerate the popularization and application of scientific and technological research achievements, major achievements in particular, in order to translate them into productive forces as quickly as possible.

Education must facilitate the modernized economic construction by vigorously training all categories of skilled people suitable for the development of market economy. We should further deepen the reform of the educational system, readjust the structure of education and the establishment of specialties, and focus educational work on training the skilled persons urgently needed by society. We should firmly grasp the key subjects included in the "211 project" and the appraisal of key universities and should map out related plans as early as possible.

J. We should firmly and unswervingly grasp family planning.

In building our province into an economically strong one, we must grasp production and family planning simultaneously. The economy should be beefed up, while population growth should be slowed down. This year, we should keep the total number of newly born babies within 945,000. We should persist in the system of making top leaders of party committees and governments at all levels personally take a hand in and assume overall responsibility for family planning work. The system of population quota responsibility should be assigned to each level. The value of various family planning quotas should also be firmly assigned to each level without any degree of slackness. We should strictly enforce rules and regulations on family planning and firmly implement various measures on comprehensive management in order to create new achievements in family planning based on the great achievements scored last year.

Fellow comrades, the work in the second half of this year is extremely arduous and heavy. We must use the central guidelines to seek unity of thoughts, conscientiously solve all kinds of contradictions and problems cropping up in the current economic development, and successfully protect, guide, and mobilize the initiative of the vast cadres and masses in the province in building the province into an economically strong one. Leading cadres at all levels should go deep into the grass roots to learn about the real situation, tell the truth, do tangible things, and seek

practical results. The voice and demands of the broad masses of the people, the situation in fulfillment of various tasks, and the difficulties and problems in work should all be reflected as they really are, without any degree of deception and exaggeration. We should resolutely guard against formalism and conscientiously attend to work in a down-to-earth manner. We should persistently examine, appraise, and evaluate cadres based on their actual performances. Under the new situation, we must build material and spiritual civilizations simultaneously. The more reform and opening is deepened, the more market economic develops, and the more attention should be paid to firmly building both material and spiritual civilizations. Cadres at all levels, leading cadres in particular, should truly take a hand in building spiritual civilization, take the lead in resisting the inroad of all corrosive ideas, vigorously advocate thrifty and reality, maintain high standards of ethical integrity, withstand the trials from reform, opening up, and market economy, and become steadfast, sober-minded, and capable leaders.

With regard to the merger of prefectures and cities and organizational restructuring, the provincial party committee and the provincial government have already made all-round and specific arrangements. The only thing I want to stress here is that we should bring into play as quickly as possible the advantages of the merger of prefectures and cities and organizational restructuring and make these advantages become the motivation to promote reform, opening up, and economic development. So long as we conscientiously implement the important instructions given of the party Central Committee and the State Council on strengthening macroeconomic regulation and control and conscientiously and responsibly attend to the work in line with the unified arrangements of the provincial party committee and the provincial government, we will certainly continuously push forward the province's reform, opening up, and economic construction, ensure the successful fulfillment of various tasks on this year's economic and social development, and ensure the sustained, rapid, and sound development of the province's national economy.

Secretary Discusses Regulation

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["Excerpts" of speech delivered by Cheng Weigao, secretary of the Hebei Provincial CPC Committee, at the provincial meeting of mayors and commissioners on 23 July: "Resolutely Implement the Central Decision on Macro Regulation and Control and Ensure Sustained, Speedy, and Healthy Economic Development in the Province"]

[Text] After unifying our thinking and enhancing our understanding, this provincial meeting of mayors and commissioners analyzed the provincial economic situation in the first six months of this year, studied the central authorities' specific measures for implementing macroregulation and control, and arranged the economic work for the second half of this year. The meeting has been a

success. I will speak today on some opinions on implementing the central decision on strengthening macro regulation and control.

1. We Should Fully Understand the Great Significance of the Central Decision on Strengthening Macroregulation and Control and Have More Initiative in Implementing it.

The various central measures for strengthening macro regulation and control are a series of key and major decisions put forward in the crucial period for accelerating China's economic development. These decisions have a great immediate significance in positively, correctly, and comprehensively understanding and implementing Comrade Deng Xiaoping's important speeches and the guidelines of the 14th national party congress; in seizing, cherishing, and using well the opportunity to accelerate economic construction and opening to the outside world; and in being prudent and avoiding losses, especially large losses, to ensure a sustained, speedy, and healthy economic development. Therefore, we must study and understand them well, resolutely implement the guidelines of the central decision, and adopt realistic measures and strictly abide by central stipulations to address the contradictions and problems in economic activities so that Hebei's economy can be promoted in a speedy and healthy manner.

Like elsewhere in the country, Hebei has witnessed a good economic situation since the beginning of this year. Inspired by Comrade Deng Xiaoping's important speeches and the guidelines of the 14th national party congress, cadres at all levels and the masses across the province have emancipated their minds, sought truth from facts, seized the opportunity, and showed high enthusiasm for accelerating development. The theory of building socialism with Chinese characteristics and the party's basic line have taken root in the people's hearts. People have united as one and concentrated efforts on economic construction, reform, and opening up, and their great efforts are rare in our history. While smoothly organizing the new provincial, city, and county governments and facilitating the major reform to merge prefectures and cities, we have maintained the good trend of vigorous development in the entire economy. In the first half of this year, Hebei's gross national product showed a 14.6-percent increase over the same period last year. Despite the continuous and large-scale drought, the output of summer grain was close to last year's level. Industrial production maintained the trend of speedy development. The output value of the industrial enterprises at and above the township level in the January-June period was 18.5 percent higher than in the same period last year, and the increased value of industry in the January-May period was 25.8 percent higher than in the same period of last year. Economic efficiency was improved comprehensively, with the overall index of the industrial economic efficiency reaching 102.8 percent, up 27.7 percentage points. Capital construction and technical transformation projects were carried out fairly successfully in the first half of this year, and the number of such projects completed by state-owned units registered a 53-percent increase over the same period of last year. Urban

and rural markets were thriving, and the total volume of commodity retail sales increased by 11.2 percent over the same period last year. Foreign trade expanded continuously, and exports grew by 23 percent. The actual amount of foreign capital used in the first six months of this year and the number of contracts signed on the use of foreign capital were all doubled and redoubled. Market prices remained stable, and the general index of retail prices rose by 8.2 percent, which was a fairly low figure in the country. The aforementioned statistical data showed that our province's economic development trend is excellent. In the final analysis, we should attribute our good economic situation to Comrade Deng Xiaoping's good theory on building socialism with Chinese characteristics; the party's good basic line on "one central task and two basic points"; the good policies defined by the party Central Committee and the State Council on reform, opening up, and economic development; and the results of the common efforts of the broad masses of cadres to conscientiously and thoroughly implement the good theory, line, and policies.

While recognizing the excellent situation, we should also look squarely at the existing problems. The contradictions and problems existing in the current economic environment of the country have really existed in varying degrees in Hebei. The specific manifestations are: First, money is supplied excessively and there is chaos in the banking order. If we fail to adopt resolute macroeconomic regulation and control measures, this year's money supply will greatly surpass the state plan. Second, the investment demand and consumption demand are in an upward trend. Although 72.5 percent of investments in state fixed assets are in communications, energy, posts, and telecommunications, and important raw materials projects, some are actually ill-considered, low-level and overlapping projects, and in particular, some newly built iron-smelting, steel-smelting, steel rolling, and cement projects are high in consumption, poor in quality, and low in efficiency. The input in fixed assets has greatly increased, aggravating difficulties in the supply of funds. Third, financial difficulties have worsened. During the first half of this year, financial expenditure was greater than revenue by 8.8 percentage points. Fourth, "bottleneck" restriction has become more striking. Owing to the accelerated industrial growth rate, communications, energy, and raw materials have become increasingly strained and the prices have increased sharply, making the "bottleneck" restrictions more serious in the building of infrastructure facilities and basic industry. Fifth, we have failed to exert efforts in increasing exports. During the first half of this year, the exports of regular trade items of the whole province increased 22.04 percent. Although this figure was higher than the national average, our province's actual increase of foreign exchange is not high, because the stagnant export situation of the past few years kept our base export figures low. Sixth, although the prices of commodities were fairly stable during the first half of the year, commodity prices rose by two digits in June.

From the aforementioned analysis we can see that some of the contradictions and problems in our province's current economy remain severe, and we must pay great attention

to them. Serious consequences will result: if we fail to keep a watchful eye on these contradictions and problems and allow them to develop instead of seizing the opportunity to solve them; if the chaotic banking order cannot be improved, the savings deposits continue to drop, and funds continue to be spent or run off; if the shortage of funds cannot be solved and the investment demand and consumption demand cannot be appropriately cut, normal production will not be able to proceed, and key construction and technical transformation projects will be difficult to guarantee, and this will surely delay the construction period of a number of projects, or even lead to the emergence of half-way projects; if we fail to check the over-issuance of money and allow prices to speedily and continuously rise, the masses will surely show discontent and social stability will be seriously affected; if devaluation of the renminbi continues and the investment environment takes a turn for the worse, our attempt to expand the further use of foreign capital will be affected and state prestige will be harmed; if all sorts of contradictions and problems develop continuously and the social overall supply and demand become seriously unbalanced, all sectors will be unable to continue their work. All they can do is stop their operations for comprehensive consolidation and retrenchment, and surely this will cause great economic fluctuation. We must fully recognize the seriousness of these problems and the urgency of solving them, and must not treat them lightly or lower our guard.

Strengthening macroeconomic regulation and control and straightening out financial order are not only the need of sustained, rapid, and sound development of the whole country's economy but it is also the need of Hebei's economy. Because Hebei is a part of the whole country, if the country's economic environment is poor, Hebei's economic environment will certainly be poor. Refusing to face up to and solve the contradictions and problems existing in Hebei's economy will not only add pressure to the whole country, but will hinder Hebei's economy from developing in a sustained, rapid, and sound manner. Viewing the overall and long-term situation or viewing the partial and present situation of Hebei, it is necessary to rapidly strengthen macroeconomic regulation and control and orient the economy to the path of sound development. Only by making good use of opportunity can we seize the opportunity. Only with sound development can we have sustained and rapid development. Measures adopted by the central authorities with regard to macroeconomic regulation and control are in time, effective, and positive, which not only represent overall and long-term interests but also represent Hebei's partial and immediate interests. Therefore, we must correctly and appropriately handle the relations between the whole and the part and the relations between the present and the future. We should also consciously maintain unanimity with the central authorities, resolutely safeguard the unity, authority, and effectiveness of the macroeconomic regulation and control of the central authorities, and implement to the letter the measures on macroeconomic regulation and control defined by the central authorities.

To successfully implement macroeconomic regulation and control of the central authorities, the most important thing is to successfully study, understand, and master the essence of the central guidelines. The provincial party committee and the provincial government consider the following eight tasks especially important:

First, we should approach the situation by dividing it into two. The analysis of the current national economic situation made by the central authorities may be summarized as follows: a) Since the beginning of this year, our country's general economic situation has been good; b) some new contradictions and problems have emerged during the forward march of our country's economy in vigorous strides; and c) the situation in some fields remains relatively serious. These three points show that the high-speed development of our country's economy is sound and allows no doubts in general, and contradictions and problems existing in the current economy emerge in the process of vigorous strides, rather than fundamental ones which cannot be overcome. However, we must have full understanding and pay attention to the seriousness of the contradictions and problems in some fields.

Second, to strengthen macroeconomic regulation and control, the essential purpose lies in effecting even better and faster development. Eliminate confusion for orderly development, and correct mistakes for sound development. Only by actually eliminating confusion and correcting mistakes can we truly seize, cherish, and make good use of opportunity and maintain the good trend of economic development. Confusion should be straightened out resolutely, wrong should be corrected resolutely, what should be initiated should be initiated continuously, and what should be accelerated should still be accelerated. The goal of building an economically strong province cannot change, our dashing spirit of pioneering the road of advance cannot be dampened, the initiative of the vast numbers of cadres and masses cannot be dampened, and the enthusiasm of the masses should be further guided, protected, and exploited.

Third, strengthening macroeconomic regulation and control is by no means carrying out overall retrenchment, but is carrying out organizational restructuring. The central authorities have definitely declared that the high-speed development of our country's economy at present is sound in general and that the problems emerging in the process of advance can be solved through accelerating and deepening reform. Therefore, it is not necessary to carry out overall retrenchment, and in the future we will not carry out overall retrenchment policy. In strengthening macroeconomic regulation and control, the purpose lies in changing what runs out of control, overcoming some confusions, readjusting the orientation of investment in line with state policies, ensuring the demands of industrial and agricultural production and infrastructure, and ensuring sustained and rapid development of the national economy. Such macro regulation and control is helpful for us to seize the opportunity to accelerate development. With the measures and goals for regulation and control implemented and attained and with conspicuous problems solved, the

macroeconomic environment will be greatly improved, and the various contradictions will be alleviated. This will help promote a sustained and stable economic development.

Fourth, speedy economic development depends not on developing projects, investing in fixed assets, and lopsidedly seeking high output value alone. We should focus the attention to speedy development on deepening reform, transforming mechanism, optimizing structure, and improving efficiency. Only when we extend the degree of reform, transform the operating mechanism of enterprises, truly invigorate enterprises, speed up structural adjustment, and strive to change our primary and low level can we accelerate development in high quality and with high efficiency and truly maintain the strong capacity for continuous development.

Fifth, the market economy is by no means an absolutely free economy, and a powerful system for macro regulation and control should be established in correspondence with the development of the market economy. Either in the socialist market economy or the capitalist market economy, we should strengthen macro regulation and control through economic means, economic policies, and economic legislation and supplement them with necessary administrative means. It is absolutely wrong to affiliate market economy with absolute noninterference and do whatever we want in defiance of law.

Sixth, we should adopt new ideas and new methods instead of old ways and old methods to address the contradictions and problems emerging in our advancement. We should find the ways from Comrade Xiaoping's important speeches and the guidelines of the 14th national party congress and by expediting the transformation of the old systems into the new. We should turn the efforts to improve and strengthen macro regulation and control and solve the conspicuous economic problems into the motivation to accelerate reform and establish the socialist market economy system. The central measures for macro regulation and control are based on the actual economic conditions of the country and the demands of reform, and the decision on macro regulation and control is itself a new measure and new method for reform.

Seventh, in the condition that the defects of the original system have yet to be eliminated and the new system of the socialist market economy has yet to take shape, macro regulation and control should be exercised more forcefully, and economic means alone is not enough. We should also have strong administrative means and necessary organizational, disciplinary, and legal means to ensure the smooth implementation of central government decrees. When implementing the central decision on macro regulation and control, we should particularly emphasize efforts to overcome selfish departmentalism and factionalism, voluntarily subject ourselves to the overall situation, and abide by discipline. Communist Party members, especially leading cadres with party membership, should be models in abiding by law and discipline. Only in this way can orders and prohibitions be carried out, and government decrees be implemented smoothly throughout the country.

Eighth, the central authorities have made it clear that some problems emerging previously were a result of a certain social environment, and that the ordinary problems in work should not be blamed as long as they do not violate criminal law and are reported accurately and corrected. Party members, especially leading cadres with party membership, should continue to maintain the vigor as displayed in their concentrated attention to economic construction, reform, and opening up and, with a high spirit of responsibility to the people and Hebei's economy, achieve success in exercising macro regulation and control and rectifying the financial order, and firmly seize the favorable condition for improving the macro economic environment to deepen reform, transform mechanism, adjust the structure, and improve efficiency with great efforts so as to lead the economy in a better direction.

We contend that only by correctly grasping the eight aforementioned basic guidelines, bearing in our minds the province's reality, and successfully implementing the central authorities' measures for macro readjustment and control can we not only maintain the forceful trend of economic development while enhancing macro readjustment and control but also make new progress in studying the knowledge of enforcing the market economy.

2. In Implementing the Central Authorities' Measures for Macro Readjustment and Control, We Must Do a Good Job in Conducting the Following:

First, we should resolutely and earnestly implement every measure of the central authorities for macro readjustment and control. Attention should be paid to proceeding from reality in implementation. What is most important is that we implement and enforce the measures in an overall way and implement the measures one by one by comparing our work with the measures. By no means should we adopt a wait-and-see, negative, or perfunctory attitude toward implementation. We should stress specialities, difficulties, and objectivity. Various localities should investigate and analyze their current state of affairs by comparing their affairs one by one with the demands put forward by the central authorities in their measures. They should thoroughly know every reason for the current problems and every method for dealing with the problems. Only by thoroughly knowing the situation can we be greatly determined and enable our measures to meet reality and be powerful. After investigation and analysis, we should truly achieve practical results in implementation by dealing with problems whenever they exist, handling problems as much as possible, and overcoming turmoils and correcting mistakes whenever they occur. We must implement without fail prohibitions announced definitely by the central authorities and violators of the prohibitions should be strictly handled by affixing responsibility to them or to the personnel responsible for them. After the enforcement of macro readjustment and control, we should do a good job in predicting new phenomena and problems that may occur in some fields and achieve in getting to know how things stand and put forward relevant reform measures and working tasks so as to ensure that prominent problems will be successfully dealt with and that negative influence

is reduced as much as possible. The provincial party committee, the provincial people's government, and provincial level organs should set themselves an example in the implementation and follow the provisions set by the central authorities to put forward the definite target of macro control, the content of clearing up, and the specific measure for implementing every provision in the central authorities' measures. They should also formulate a responsibility system and assign definite responsibility to personnel for this purpose so as to ensure that the central authorities's measures for macro readjustment and control can be implemented by various industries and trades, various departments, grass-roots level units, and individuals.

Second, we should fully tap the potential of funds, rapidly readjust investment orientations, and adopt every possible way and means to ensure the supply of funds needed by production and construction. The chaotic financial order represent a main contradiction in the economy at present and the shortage of funds also represents a major problem that is restricting sustained and high-speed development of the economy. In the course of implementing the central authorities' measures for macro readjustment and control, we should resolutely consolidate the financial order and strictly enforce financial discipline on the one hand, and, on the other, adopt all possible ways and means to raise more funds within the limits permitted by state policies to support the economic development in the province as a whole. Emphasis for dealing with the strained situation in funds should be placed on vigorously organizing saving deposits, clearing up the scattered withdrawn funds, intensively withdrawing overdue loans, curtailing the occupation of funds in the three fields, and utilizing more foreign funds. Governments at all levels should vigorously support and help their local banks successfully conduct their work in the following: Various banks should formulate specific targets and definite demands that are practically feasible for setting their volume of increasing people's deposits, clearing up scattered withdrawn funds, enlivening the saved funds, tapping the potential of funds, and bringing in foreign capital. Through effective fund raising, we should enable state banks to truly play their main channel role in finance and to ensure the pressing needs of production and construction. Our province's major orders of investment orientation in the second half of this year are as follows: 1) Efforts should be made to ensure the volume of withdrawal and to safeguard the bank's prestige; 2) efforts should be made to protect agricultural production and the purchase of farm and sideline products; 3) efforts should be made to protect the industrial enterprises whose products enjoy brisk sales and whose economic results are good and the enterprises in charge of domestic and foreign trade so as to enable them to carry out normal production and operation; 4) efforts should be made to protect the key projects formulated by the state and the province on capital construction and technical renovations; and 5) efforts should be made to ensure the supply of funds for supporting the utilization of foreign capital and particularly for high and new technology industrial enterprises and the enterprises of earning foreign exchange through exports.

Third, we should actually concentrate the attention to accelerating development on deepening reform, changing mechanism, optimizing structure, and improving efficiency. In the second half of this year, we should specially attend to the following seven things: 1) We should strictly enforce discipline by straightening out financial system, summarize experiences and lessons, and accelerate the reform of banking system, investment system, and financial and tax system. 2) Centering on the implementation of the "regulations on changing operating mechanism of state-owned industrial enterprises" and the province's methods to implement the regulations and on delegating all of the 14 decision-making powers to enterprises, we should accelerate the change of government functions and the change of operating mechanism of state-owned enterprises. We should actually pay attention to linking work with the third-round contracting of industrial enterprises about to be finished this year. We should positively promote the experiments and popularization of shareholding systems among state-owned enterprises and the system of being owned by the state but operated by the people among medium-sized and small enterprises. 3) In the light of the increased factors for raising prices and reducing profits, we should popularize among the province's industrial enterprises the experience of "imitated market accounting" gained by Handan Iron and Steel Plant, vigorously launch the activity of increasing production, practising economy, increasing revenues, and reducing expenditures, and ensure the fulfillment of the goal of increasing the added value of industry, increasing profit and tax, increasing the appreciation of state funds, and pushing forward the province's place in the country in terms of the composite index of economic efficiency. 4) We should penetratingly launch the "year activity on scientific and technological progress" and carry out the work item by item in line with the demands and arrangements defined at the beginning of this year. 5) We should conscientiously grasp the organization and implementation of the "dragon and tiger" program. In the course of emphatically grasping capital construction and technological transformations, all "dragon" enterprises should speed up the construction of enterprise groups in order to truly form a connected line and make the best of group advantages. In the course of supporting capital construction and technological transformations, all "tiger" enterprises should be definitely demanded to deepen enterprise reform, improve management and operation, promote scientific and technological progress, form an appropriate scale of production, and rapidly link themselves with the world markets. 6) We should actually grasp the "groups in six aspects." That is, we should grasp development of a group of new products and the upgrading and renewal of a group of old products; grasp the technological transformations of a group of large, medium-sized, and small enterprises; grasp the completion and commission of a group of large and medium-sized capital construction projects and a group of above-normal technological transformation projects; grasp the signing of contracts and construction of a group of foreign-invested enterprises of the three types; grasp the establishment of a group of export-oriented enterprises; and grasp the closing

down, suspension, merger, and switch of a group of enterprises with no hope of halting deficits. Grasping the "groups in six aspects" is a major measure of our province to readjust the mixture of industrial products, the structure of technology, and the organizational structure of enterprises. Production offices and other pertinent departments should ensure the fulfillment of the program on the "groups in six aspects." All prefectures and cities should also exert great efforts in this field. 7) We should strengthen the management and control of production and construction of such "bottleneck" industries as coal, power, and transport industries. In the second half of this year, the restriction from these "bottleneck" industries will become even sharper, and the difficulty in organizing industrial production will become even more serious. We should advance despite difficulties, strengthen scientific management and commanding, try every possible means to relieve the restriction factors, and strive to fulfill this year's industrial production tasks.

Fourth, we should further pay attention to agriculture and strengthen agriculture. This is a major issue bearing on the overall situation of the economy and society and the trend of the economy. We must successfully implement the various policies and measures of the CPC Central Committee and the State Council with regard to stabilizing agriculture and developing agricultural production. By seizing the favorable moment that there have been rainfalls in most areas of the province recently which have made the drought become less serious and soil moisture content turn for the better, we should strengthen the field management of autumn-harvested crops, provide accurate forecast of insect pest situation, wipe out and cure the third generation of bollworms in a timely manner, and reap a bumper harvest in autumn grain and cotton. We should persist in protracted drought combat and further grasp the farmland capital construction, with focus on saving water, sinking wells, and storing water. At the same time, we should pay extremely high attention to antiflood work. Banks and pertinent departments should lay up sufficient funds and storage equipment to ensure the procurement of autumn grain and cotton with an effort to purchase all the grain sold by peasants without giving "IOU slips." We should grasp the work of reducing peasants' burdens through to the end, and on the basis of concentrating efforts on clearing up all sorts of documents and items involving peasants' burdens during the first half of the year, give priority to implementing all kinds of measures during the second half of the year, strive to realistically clear up documents and reduce burdens of peasants, and resolutely control the burdens of peasants at a proportion codified by law. The provincial and city authorities should organize strength to check or spot-check the work at an appropriate time, criticize those who fail to thoroughly clear up and adjust the documents and allow the burdens of peasants to remain high, and order them to cut the burdens of peasants within a deadline. We should try by all possible means to increase peasants' income because this is the fundamental way to lighten peasants' burdens. While paying great attention to the farming that provides high yield of fine quality with maximum efficiency, all localities

should make peasants increase income by accelerating the development of township enterprises and other nonagricultural industries. Localities which have suffered serious agricultural losses should try by all possible means to open up avenues of increasing income, make up the losses in dryland farming with the output of paddy fields, the losses in summer harvest with autumn harvest, and agricultural losses with production in other fields, and strive to make peasants not suffer reduction in income and harvest during the year of disasters.

Fifth, while paying attention to stabilizing the economic situation, we must guarantee social stability. Social stability is the precondition of economic development. Without a stable social environment and stable political situation, it will be difficult to carry out macroeconomic regulation and control and to have a sustained, speedy, and sound economic development. Therefore, party committees and governments at all levels should pay great attention to this and principal responsible persons of party and government organs should personally take charge of it. They should adopt effective measures and realistically solve the current prominent problems that affect the social stability.

We should try by all possible means to solve the problem on the issuance of wages for retired cadres, in-service cadres and teachers. On the one hand, we should solve this problem by cultivating financial resources, increasing production, practicing economy, strengthening the collection and management of taxes, preventing serious cases of tax evasion, and striving to increase financial revenue; and, on the other hand, we should adopt practical and effective measures for strengthening the allocation of funds in an effort to guarantee the timely issuance of wages to office cadres and teachers.

We should exert strenuous efforts to solve the problem of chaotic market order. It is necessary to comprehensively apply the economic, legal, administrative, and media means to promote market invigoration on the one hand while strengthening market management on the other hand. We should continue to deal blows to the unlawful acts of producing and selling fake and inferior commodities and harming the interests of the masses. We should pay attention to stabilizing market commodity prices, strictly control the prices of follow-up products which are greatly affected by the price adjustment move of the state, and resolutely investigate and handle in line with law the acts of monopolizing and arbitrarily raising prices in society, mandatorily collecting unwarranted charges, forcing up commodity prices, and disrupting market order.

We should keep an eye on some domestic and foreign hostile forces, hostile elements, and people with motives who intentionally plan and create trouble.

We should pay great attention to and properly handle contradictions among the people during the new period. It is necessary to conscientiously handle all sorts of cases on people's letters and visits, particularly group visits; solve problems at the grass roots as soon as they occur; and prevent the deterioration of the situation. We should

establish a strict responsibility system and establish the responsibility of the responsible persons of party committees and governments in the localities where the masses have offered rational suggestions but the decisions for implementing the suggestions have been delayed due to the local authorities' ineffective work, thus causing the masses to repeatedly appeal to the higher levels.

We should do a good job in propaganda through the media, adhere to the correct direction of public opinion, give guidance through positive examples, stress social effect, and maintain social stability.

While achieving success in economic construction, we should strictly crack down on crimes to maintain public order. Party and government leaders in all localities and responsible persons of pertinent departments should devote much time and energy to comprehensive improvement of public security. Serious criminal elements who seriously damage people's interests, undermine social order, and endanger public security should be punished sternly and promptly. They should be severely punished or killed when deemed necessary. We should step up efforts to rectify and improve the political and legal contingent to upgrade its quality.

Sixth, we should adhere to the principle of attending to the two fields of work simultaneously and wage in-depth struggles against corruption. We should overcome erroneous ideas and concepts that hinder endeavors opposing corruption and advocating honesty; make sure that we carry out reform, opening up, and economic construction and wage the anticorruption struggle simultaneously; and create a good political environment for implementing the central measures for macro regulation and control and continuing the speedy economic construction and opening to the outside world. Currently we should regard the elimination of arbitrary levies of fares, fines, and donations as the focus of the endeavor to oppose corruption and advocate honesty. In rural areas, we should further consolidate and expand the achievements in reducing peasants' burdens by eliminating the arbitrary levies. In cities, like

we do in reducing peasants' burdens, we should formulate plans and measures to tackle the arbitrary levies to reduce the burdens on enterprises. Departments at all levels should resolutely check the practice of abusing power to develop business or make profits in various excuses and through various measures and means and resolutely investigate and deal with the office cadres, especially leading cadres, who ask for or take bribes and refuse to work if not given money or benefits. We should regard this as the focus of the discipline inspection and supervision work for the second half of this year. At present, various localities have many complaints about provincial departments which force them to subscribe newspapers and magazines and gain benefits from this. The propaganda department of the provincial party committee and the provincial press and publication department should conscientiously rectify this situation and be determined to eliminate the books and magazines that have no practical meaning. We should resolutely check travel with public funds, especially travel abroad. Pertinent departments should conduct examination according to regulations and criticize, educate, or punish according to disciplinary actions those who travel with public funds in addition to ordering them to return the funds. Major and serious cases on violation of the criminal law discovered in the process of rectifying the financial order should be put on file for thorough investigations. In the anticorruption struggle, we should particularly investigate and handle a case at a time one, committed by leading organs and leading cadres on embezzlement, bribery, power abuse for selfish gains, deals between power and money, and perversion of justice for bribes. These cases should be thoroughly investigated and strictly dealt with according to law and discipline.

It is hoped that all cities, prefectures, and provincial departments will earnestly study the ways to carry out the aforementioned six major tasks in line with their actual conditions, implement the central measures for macro regulation and control through conscientious and effective work, and achieve faster and better results in the economic work for the second half of this year.

Article Opposes Island Rejoining United Nations

HK2508030093 Beijing FAZHI RIBAO in Chinese 19 Aug 93 p 4

["International Forum" by Tang Wen (0781 2429): "Resolutely Oppose 'Two Chinas' Activities in the United Nations"]

[Text] Recently, several Central American countries wrote to UN Secretary General Butrus-Ghali, brazenly demanding that the topic of the so-called balanced representation of Taiwan in the United Nations be added to the agenda of the approaching 48th UN General Assembly. They also made a "draft decision," asking the UN General Assembly to set up a "special commission" to study the issue of Taiwan's bid to rejoin the United Nations. In essence, this is to create "two Chinas" in the United Nations.

According to Taiwan officials and newspapers, the proposal made by those several Central American countries was an agreement reached on 28 July between some of their foreign ministers and Taiwan "Foreign Minister" Chien Fu, who was in Costa Rica to attend the second meeting of the joint commission on cooperation between Taiwan and Central American countries. According to a reliable source, as a reward for this proposal, the Taiwan authorities will provide the participating Central American countries grants amounting to \$47.5 million, and loans amounting to \$23.3 million, in exchange for their support in the bid to return to the United Nations.

The whole world knows that there is only one China on Earth, and that is the PRC. Taiwan is an inseparable part of China; it is a province of China. This has already been admitted by the United Nations and the international community. Lured by Taiwan's "money bomb diplomacy," a small number of Central American countries made the proposal to the United Nations with the aim of creating "two Chinas," and this has seriously violated China's sovereignty and wantonly interfered in China's internal affairs.

According to the stipulations of Articles 3 and 4 of the UN Charter, UN members are divided into founding members and new members. So-called founding members refer to those in accordance with Article 3 of the UN Charter or

attended the international meeting of the United Nations in San Francisco, or those that signed the Declaration by United Nations in 1942. There are 51 founding UN members. So-called new members refer to those that are approved for admission according to the conditions and procedures stipulated by Article 4 of the UN Charter. Although there are two kinds of UN members, they are independent sovereign countries in terms of international law. The United Nations is an organization formed by sovereign countries. Taiwan, as a province of China, has no qualifications for joining the United Nations. Therefore, the proposal by several Central American countries, demanding that Taiwan be allowed to join the United Nations as a sovereign country, has seriously violated the purpose and principle of the UN Charter.

Resolution No. 2758, passed by the 26th UN General Assembly in 1971, restored the PRC's legitimate seat in the United Nations, as well as every legitimate right; at the same time, it threw the Taiwan authorities out of the United Nations. The resolution clearly announced: "Recognizing the representative of the PRC Government as the only legitimate representative of China in the United Nations, and the PRC as one of the five permanent members of the Security Council." The resolution solved the problem of China's representation in the United Nations in terms of politics, law, and procedure. If there is the demand that the expelled Taiwan authorities be allowed to rejoin the United Nations, is it not true that it wants to completely repudiate Resolution No. 2758, which was passed by an overwhelming majority? This kind of action is nothing less than setting several countries in opposition to an absolute majority of members.

At present, the Taiwan authorities are promoting "money bomb diplomacy" everywhere, to serve the purpose of "returning" to the United Nations. The essence is to separate the motherland, and to hinder and undermine the great undertaking of reunifying the country. This intention has been, and will continue to be, resolutely opposed by the people throughout China, including the people in Taiwan. The historic tendency of reunifying China is irreversible, and the activities promoting "two Chinas," or "one China and one Taiwan," or "one country, two governments" in the United Nations are absolutely not allowed. It is hoped that the Taiwan authorities will not go against the trend and become those condemned by history for separating the motherland.

UN Under Secretary de Souza Visits Island

Tours Technology Institute

OW2408145793 Taipei CNA in English 1409 GMT
24 Aug 93

[Text] Taipei, Aug. 24 (CNA)—Heitor Gurgulino de Souza, under secretary-general of the United Nations, visited the National Taiwan Institute of Technology and its Pollution Prevention Research Laboratory Tuesday [24 August], the second day of his 10-day visit.

De Souza was warmly received by school faculty, who exchanged views with De Souza on environmental protection effort around the world. He also inquired about the curriculum on environmental protection and the school's facilities.

De Souza is believed to be assessing Taiwan's potential to operate a UN-sponsored environmental protection research institute, local newspapers reported, and he confirmed that the matter is under consideration. But Education Minister Kuo Wei-fan, de Souza's host, would only say his visit is significant in that it will help Taiwan's bid to regain entry into the UN.

The planned institute will be primarily concerned with the research and development of environmental protection and help train environmental professionals in the Third World.

De Souza is also the president of the Tokyo-based UN University, which sponsors short-term seminars at various locations around the world to train professional administrators and technocrats for developing countries.

De Souza said upon his arrival Monday that he was happy to be here and would like to help promote academic exchanges between Taiwan and the rest of the world.

De Souza called on Premier Lien Chan in the afternoon. He will also call on President Li Teng-hui and visit the National Science Council and the Environmental Protection Administration during his stay.

De Souza is the highest ranking UN official to visit the Republic of China since it left the international organization in 1971.

Meets Li Teng-hui

OW2508102993 Taipei CNA in English 0822 GMT
25 Aug 93

[By Danielle Yang]

[Text] Taipei, Aug. 25 (CNA)—President Li Teng-hui Wednesday [25 August] received Heitor Gurgulino de Souza, under secretary-general of the United Nations.

During the meeting, both agreed to cooperate on research and development of environmental protection programs and sponsor an international environmental protection conference to be held in Taiwan at the end of next year.

De Souza, however, said the UN university proposal to establish an environmental protection research center in Taiwan needs further discussion.

Li exchanged views with De Souza on cultural and educational cooperation, adding that the Republic of China [ROC] attaches great importance to environmental protection.

De Souza praised Taiwan's successful research and development experiences and said he is optimistic about future Taiwan-UN cooperation.

Minister of Education Kuo Wei-fan and Secretary-General to the President Y. S. Tsiang were also present at the morning meeting.

De Souza arrived Monday for a 10-day visit. On Thursday, he will visit the Land Reform Museum in Taoyuan and the Ministry of Education.

Group Demands Bank Apology for Austrian Incident

OW2408145993 Taipei CNA in English 1414 GMT
24 Aug 93

[Text] Taipei, Aug. 24 (CNA)—The Taipei Travel Association Tuesday [24 August] demanded that Citibank give a public apology for incidents in Vienna, Austria in the past week which left two separate groups of Taiwan tourists in police custody.

The two groups were nabbed by Austrian police when they tried to buy souvenirs with MasterCards issued by Citibank in Taipei. A tourist in one of the groups was suspected of not having enough money in his account to cover a purchase he was making, which led to the arrest of the whole group he was with, and some in the other group were suspected of having fake cards, and that group was also arrested.

A Citibank spokesman said the bank has written to the Austrian Trade Delegation Taipei Office, asking the Austrian Government to look into the incidents.

Citibank has also contacted MasterCard International to seek assurances that similar incidents won't occur in the future.

Meanwhile, the Ministry of Finance has decided to interview Citibank executives concerned. A ministry official said that Citibank should compensate the victims of the incidents.

Separately, the official said that the Finance Ministry has decided to allow establishment of another credit card company in Taiwan, in addition to the national credit card center.

Firm Continues Talks With British Aerospace

OW2508092993 Taipei CNA in English 0757 GMT
25 Aug 93

[By Y.C. Tsai]

[Text] Taipei, Aug. 25 (CNA)—Intensive closed-door talks on the fate of a proposed joint venture between Taiwan Aerospace Corp. (TAC) and British Aerospace Plc (BAe) entered their third day Wednesday [25 August].

BAe Chairman John Cahill, who came to Taiwan Sunday for the talks, said he would stay until differences over bank loans and technology transfers are resolved.

The BAe chairman, however, pledged he would make public all the details of the talks at a news conference before his departure.

Moreover, Cahill ruled out the possibility that Dassault Aviation of France might replace BAe as TAC's partner, saying Dassault are experts in the production of military aircraft, which are different from BAe's regional passenger jetliners (RJs).

Speculation as to the nature of Dassault's ties with Taiwan's aerospace industry have mounted since the French company opened a branch office in Taipei Tuesday.

TAC and BAe signed a preliminary agreement in January expressing their intention to form a 50-50 joint venture for production and marketing of BAe-developed RJs.

Subsequent talks on the joint venture, to be named "Avro International Aerospace Corp.," ran into problems over financing.

A domestic banking consortium, led by Chiao Tung Bank, is yet to decide on a US\$400 million loan to the proposed TAC-BAe joint venture. The loan is widely seen as key to the future of the venture.

Asked to comment on the ongoing talks, Minister of Economic Affairs P. K. Chiang said his ministry would do its best to help resolve problems facing the proposed venture in order to usher in a new era for the development of Taiwan's aerospace industry.

Beijing To Revise Rules on Island Investments

OW2508103993 Taipei CNA in English 0814 GMT
25 Aug 93

[By Luo Kuang-jen, Debbie Kuo]

[Text] Beijing, Aug. 24 (CNA)—Beijing authorities will revise the "22 statutes governing Taiwan investments" to offer more protection and guarantees to investors from across the Taiwan strait, a Mainland Chinese scholar said Tuesday [24 August].

Chen An, dean of the Laws and Politics College of Xiamen University, announced the revisions at a cross-strait legal affairs conference held in Beijing.

He added that Taiwan should only sign investment guarantee agreements with the mainland on a "province to province" basis to prevent investment from being politicized.

Chen did not agree that the "province to province" formula would reduce Taiwan's status. He said the "22

statutes governing Taiwan investments" are administrative laws which carry more legal weight than agreements signed by Taiwan's Straits Exchange Foundation and its mainland counterpart.

Meanwhile in Taiwan, a business leader said Tuesday Taiwan should only sign an investment accord with the mainland on an equal basis.

"Formulas which treat Taiwan as a local province would be unacceptable for Taiwan investors," Hung Min-chang, honorary chairman of the Council for Industrial & Commercial Development, said.

"Taiwan investors ask for no special treatment from the mainland but the same investment guarantee agreement that Beijing signed with 35 other world nations," he added.

DPP Leader Shows Interest in Mainland Affairs

HK2508043093 Hong Kong SOUTH CHINA
MORNING POST in English 25 Aug p 8

[Report by Willy Wo-lap Lam]

[Text] Taiwan's opposition Democratic Progressive Party (DPP) has indicated its readiness to play a more active role in mainland affairs, including unofficial exchanges with Beijing authorities. However, DPP Secretary-General David Chiang told the SOUTH CHINA MORNING POST that progress in his party's relations with Beijing depended on whether the latter was willing to drop its hostility and prejudice against Taiwan's main opposition party.

In recent months, a group of DPP leaders visited Beijing in their capacity as members of the Legislative Yuan. Mr Chiang said such exchanges were "good for mutual understanding" but he hinted further and higher level visits would hinge on whether Beijing was willing to change its attitude towards his party. "Beijing tends to raise its guard in matters relating to the DPP," Mr Chiang said. "They (Communist Party officials) still insist on preconditions before they are prepared to talk to us. These include our accession to the principle of reunification (with the mainland)." Mr Chiang said another delegation of DPP legislators to Beijing had been aborted because of these "preconditions".

The Secretary-General, who is also a former DPP chairman, said his party was in principle against "party-to-party" talks on political issues adding that, when the time was ripe, bilateral exchanges in this area should be conducted on a governmental basis. "The Taiwan public would become suspicious if a certain party were to begin political talks with the Chinese Communist Party."

Mr Chiang said another reservation of the DPP was that "Taiwan is already seized with a mainland fever and we do not think it is wise to make it even hotter." At the same time, the DPP has told the Taiwanese Government it wants to play a bigger role in the island's mainland policy. Mr Chiang said the DPP hoped its representatives could sit on the major agencies dealing with the mainland.

However, the Kuomintang [KMT] authorities want to shove us aside and they have not made a reply to our initiative," he said.

Mr Chiang admitted that the DPP leadership was divided as to the pace with which they should pursue unofficial exchanges with mainland authorities. He said the issue of Taiwan independence would not be emphasized during the DPP's election campaign for the leadership positions in 22 cities and counties in December. "The mainland authorities have underestimated the political clout of the DPP," Mr Chiang said. However, he added that cadres in southern China tended to be more flexible in their dealings with the DPP than bureaucrats in Beijing.

Taiwan polls suggest the DPP, which controls one third of the legislature, could gain 50 percent of the popular vote in the ballots.

Youth Corps Head To Attend Beijing Meeting

*OW2408142693 Taipei CNA in English 1354 GMT
24 Aug 93*

[By Lillian Lin]

[Text] Taipei, Aug. 24 (CNA)—Jeanne Li, president of the China Youth Corps, will leave for Beijing Wednesday [25 August] to attend a meeting of the Federation for Asian Cultural Promotion [FACP].

Li is concurrently FACP chairwoman and president of the Cultural Promotion Association of the Republic of China [ROC]. The FACP is meeting in Beijing to prepare for its annual conference in Seoul next year.

Li was elected a member of the Kuomintang [KMT] Central Standing Committee Monday at the first plenary meeting of the party's Central Committee. Before balloting, she was appointed a KMT deputy secretary-general.

Huang Kun-huei, chairman of the Mainland Affairs Council, said Tuesday that Li is traveling to Mainland China as a private person.

Labor Disputes Increase in First Half of 1993

*OW2408142793 Taipei CNA in English 1358 GMT
24 Aug 93*

[By Flor Wang]

[Text] Taipei, Aug. 24 (CNA)—Although rows between management and laborers have declined noticeably in recent years, the number of labor conflicts rose again in the first half of this year, the department of labor affairs under the Taiwan provincial government reported Tuesday [24 August].

There were 667 labor disputes involving 5,956 persons in the first six months of 1993, up from 536 disputes and 3,116 persons recorded during the same period last year, the department said. The principle reasons for the labor disputes centered around severance pay, retirement benefits and workers' safety.

The department attributed the increased number of disputes to an increased number of factory layoffs. More workers are losing their jobs this year as the economy remains mired in recession and factories shut down or move production overseas, the department said.

Nevertheless, the department reported that labor disputes and number of persons involved have actually decreased in the past four years—from 1,326 and 28,556 in 1989 to 1,145 and 5,787 last year.

Of these disputes, 83 percent were resolved, mainly through conciliation managed by county or municipal governments and then by court judgments.

Hong Kong

Mainland, Territory Meet on Refugee Repatriation

Mainland To Receive Vietnamese

OW2408131393 Beijing XINHUA in English 1234
GMT 24 Aug 93

[Text] Guangzhou, August 24 (XINHUA)—A delegation of officials from Chinese Ministry of Civil Affairs reached an agreement with the Hong Kong authorities on the issue of Vietnamese refugees yesterday during a meeting in Guangzhou, the capital of south China's Guangdong Province.

The meeting was held in friendly atmosphere.

The mainland agreed to take back refugees who have trickled into Hong Kong from south China recently. The first batch of Vietnamese refugees will be sent back to the mainland on September 3 of this year.

According to mainland officials, the Chinese Government has received and settled more than 288,000 refugees and their children who have fled from Indo-China since 1978. 99 percent of the refugees were from Vietnam and settled down in Guangdong, Guangxi, Hainan and Fujian.

Over the past decade or so, the Chinese Government has set aside more than 730 million U.S. dollars in the state budget to aid the refugees. It now allocates 26 million yuan annually to help refugees maintain their living standards.

The majority of the refugees have built their own homes and have a secure and steady life, according to mainland officials.

Over the past few years, 7,000 or so refugees from Guangdong and Hainan flocked to Beihai, a port city in south China's Guangxi Zhuang Autonomous Region, and caused many social problems. After being persuaded by local authorities, 70 percent of the refugees moved to other parts of China, while some stole off to Hong Kong.

According to Hong Kong officials, more than 2,000 Vietnamese refugees have entered Hong Kong from the mainland since June 25 of this year.

Officials based in Beijing said that the Chinese Government never approved of the blind flow of already-settled refugees into other countries or regions and added that there is no persecution or deportation of refugees in China. They pledged to resettle refugees who have entered Hong Kong from the mainland.

Further on Agreement

HK2508055693 Beijing ZHONGGUO XINWEN SHE
in Chinese 1404 GMT 23 Aug 93

[By reporter Liu Taishan (0491 3141 1472): "Chinese Mainland Reaches Agreement With Hong Kong on Taking Back as Soon as Possible Vietnamese Refugees Who Have Sneaked Into Hong Kong"]

[Text] Guangzhou, 23 Aug (ZHONGGUO XINWEN SHE)—Delegations sent by Mainland China and Hong Kong, respectively, reached agreement here today on sending back as soon as possible to their original places of residence batches of Vietnamese refugees who once settled in Mainland China and recently sneaked into Hong Kong. The first batch of 100 Vietnamese refugees is scheduled to be sent back to Guangdong for resettlement.

At today's meeting, the mainland delegation headed by Xu Liugen, director of the Indochinese Refugee Resettlement Office under the Chinese Ministry of Civil Affairs, and the Hong Kong delegation headed by John Ashton, deputy political adviser of the British Hong Kong Government, conducted specific discussions on ways and details concerning the repatriation of Vietnamese refugees. Both parties agreed that the Vietnamese refugees will be sent back to different provinces in batches; that is, refugees who originally settled in Guangxi and Hainan will be sent back by the Hong Kong side by sea, while those coming from other provinces will be taken back by relevant mainland departments by land.

Xu Liugen indicated that the Hong Kong side has provided them with a name list of more than 2,000 Vietnamese refugees who illegally entered Hong Kong. Initial verification has proved that 500 to 600 of them are Vietnamese refugees who once settled in Mainland China.

It has been learned that ever since 1978, Mainland China has accepted and settled more than 288,000 Indochinese refugees and their children, the overwhelming majority of whom are Vietnamese. These refugees are now distributed in 194 settlement points—mainly farms, rural areas, and a few mines and factories—in the six provinces (regions) of Guangdong, Guangxi, Hainan, Fujian, Yunnan, and Jiangxi. Today, about 50 percent of these refugees have basically become self-supporting, and most of them are living and working in peace and contentment in a calm and unruffled mood.

Xu Liugen considered groundless rumors spread in Hong Kong which claimed that these refugees were expelled by Guangxi's Beihai City. As a matter of fact, over the past decade and more, large numbers of Vietnamese refugees have left their original settlement points and come to Beihai blindly to seek employment. They built sheds along the streets which affected the appearance of the city. Moreover, these people have posed many serious problems for the city's public security, hygiene, and environmental protection. After repeated and fruitless attempts at persuasion, the Beihai city government demanded in early May that the migrant population (mostly Vietnamese refugees) remove all their illegal constructions. Meanwhile, the government also worked out some measures to help settle the refugees whose residences had been pulled down, such as seeking refuge with their relatives and friends, purchasing commodity houses, renting low-priced houses provided by the city government, and returning to their original places of residence. Since then, about 70 percent of the migrant refugees voluntarily pulled down their

illegal constructions and left the city for different places. Some of these refugees took the opportunity and went to Hong Kong illegally.

Xu Liugen added that the Chinese Government has never encouraged refugees who have already settled in China to go to Hong Kong. Although it is faced with many difficulties in helping settle these refugees, China has made unconditional promises to take them back. In recent years, Chinese governments at all levels have spent huge human, financial, and material resources in making proper arrangements for the settlement of Indochinese refugees. As of the end of last year, financial departments at the central level alone had allocated special-purpose funds amounting to \$730 million. Today, China still spends 26 million yuan each year (about \$4.5 million) in providing relief to these refugees.

The Chinese delegation participating today's meeting consists of relevant mainland departments, including public security departments; relevant units from Guangdong, Guangxi, and Hainan; as well as representatives of the Hong Kong Branch of XINHUA. The delegation sent by Hong Kong is composed of representatives of the Security and Immigration Departments under the Hong Kong Government.

Representatives of both sides are expected to carry out detailed discussions on the verification of the refugee name list, as well as on other issues.

Commentary on Civil Servant Localization Policy

HK2408125693 Hong Kong WEN WEI PO in Chinese
21 Aug 93 p 17

[Contributing commentary by Fang Da (2455 6671): "Why Did the British Hong Kong Government's 'New Policy' Fail To Win People's Support"]

[Text] The Hong Kong Government recently made a decision allowing foreign contract civil servants to "acquire local resident status" and then continue their contracts in light of local terms. This decision actually localizes foreign civil servants in a disguised form and changes the policy of localization which should have been implemented, thus evoking serious concern, discontent, and criticisms from various Hong Kong strata, particularly local civil servants.

Seriously Dampening Morale of Local Civil Servants

It is noticeable that the new policy introduced by the Hong Kong Government has met with opposition from a wide range. The Civil Servants Affairs Group of the Legislative Council severely criticized the Hong Kong Government for practicing deception and localizing foreign civil servants in a disguised form, seriously dampening the morale of local civil servants. As a result, the policy of localization exists in name only. The Hong Kong Senior Civil Servants Association is considering taking legal action against the Hong Kong Government, which has failed to continue to implement the policy of localization of civil servants. In addition, the Hong Kong Chinese Civil Servants' Union

immediately expressed its support for the association. Many political groups also expressed their discontent over the British Hong Kong Government's move. The Chinese side has called for bringing the issue to the Sino-British Joint Liaison Group for discussion.

No Popular Support for Undermining Smooth Transition

Why has the decision of the British Hong Kong Government on localizing foreign civil servants failed to win any support?

To answer this question, we should view the problem from the angle of linking the policy for localizing civil servants with Hong Kong's smooth transition and resumption of sovereignty.

Hong Kong has 190,000 civil servants, who were selected after undergoing strict training and examinations. Most of them are hardworking and devoted to their duties. Such a contingent of civil servants with relatively high qualities is an important factor in allowing the Hong Kong Government to maintain its efficient administration. It is also one of the essential factors for maintaining Hong Kong's social stability and prosperity and smooth transition. Influenced by the colonial rule over the past century or so, however, there is an abnormal phenomenon in the ranks of civil servants. Local Chinese civil servants, who account for over 95 percent of the total, hold posts at the intermediate and lower levels, while a minority of foreign civil servants occupy most of the senior level positions.

Undermining Implementation of Hong Kong People Ruling Hong Kong

The Chinese civil servants and the vast number of Chinese from all social strata have expressed discontent over the matter. When the return of Hong Kong's sovereignty to China in 1997 was raised, the question of putting an end to the irrational phenomenon became imperative. Civil servants, senior level ones in particular, constitute the main component part of a government. Their nationality signifies sovereignty. As a matter of fact, large numbers of British civil servants are assigned stubbornly by the British Government to senior posts of the Hong Kong Government. This itself constitutes a manifestation of privileges of colonial rule. Such being the case, it would be unimaginable not to make relevant changes in the nationality of civil servants, senior level ones in particular, after China resumes sovereignty of Hong Kong after 1997. For this reason, the Basic Law of the Hong Kong Special Administrative Region [SAR], which was promulgated in 1990, has clear stipulations for the nationality of senior civil servants of the future SAR government.

For example, the chief executive officer must be a permanent Chinese citizen of the SAR who has resided in Hong Kong for 20 years and who has no right of abode in a foreign country. Principal officers at and above department level and administrative members should also be Chinese who are permanent Hong Kong residents. Over 80

percent of the members of the legislature should be Chinese who are permanent Hong Kong residents. These stipulations are conducive to maintaining the ranks of Hong Kong civil servants and preserving Hong Kong's prosperity, stability, and smooth transition. Hence, they are well-received and backed by the vast numbers of Hong Kong civil servants. The British Hong Kong authorities also promised to accelerate the pace of implementing the policy of localizing civil servants. With fewer than four years left for the return of Hong Kong's sovereignty in 1997, however, the British Hong Kong authorities have suddenly introduced the policy of localizing foreign civil servants by force, without soliciting the views of various Hong Kong strata in advance or notifying the Chinese side through normal channels. This move enables a number of foreign civil servants, who have resided in Hong Kong for seven years, to suddenly change their identity and become local civil servants. Before 1997, they can get a great chance for promotion under the care of the British Hong Kong Government; after 1997, they can take part in ruling Hong Kong as usual. As a result, stability of the ranks of Hong Kong civil servants will be undermined, the morale dampened, and the smooth transition of entire society will be threatened. Moreover, the spirit of the above mentioned Basic Law stipulations will vanish. How can the people from all walks of life in Hong Kong not rise up in struggle against these long-standing malpractices and problems?

Editorial Views Patten Package, Talks Prospects

HK2508031093 Hong Kong HSIANG KANG SHANG
PAO in Chinese 23 Aug 93 p 2

[Editorial: "If the UK Clings to Patten's Package, Prospects for Talks Are Not Optimistic"]

[Text] The ninth round of Sino-British talks on the 1994 and 1995 electoral arrangements failed to make any advances worthy of comment. After the talks, Robin McLaren, British representative, just said that the talks were "normal" and made no mention of any "advances." This disheartened people. What was disclosed by the media quoting British sources indicated that there was quite a wide gap between the two sides. Prior to the ninth round of talks, the British representative took a long leave. As McLaren stated, they were still "working." It was thought that after the meeting of foreign ministers of the two countries, the British could have reviewed their position and shortened the gap to the "three conformities" so as to accelerate the talks process. However, judging from the British side's "counterproposal," they racked their brains to whitewash Chris Patten's constitutional reform package.

Before the ninth round of talks we pointed out: As the talks progress to this day, both sides must already be clear about the base line of what can, and cannot, be discussed. On the issues that can be discussed, it is naturally difficult to avoid bargaining. Nevertheless, neither party should make demands which are too high. To put it another way, its demands should not be too far away from the "three conformities" and an agreement on such issues should be

reached as early as possible. It is a pity that the British side almost negated the rational proposal put forward by the Chinese side in accordance with the principle of "three conformities," once again displaying its skill in demanding an exorbitant price.

Seen from the contents of the British side's "counterproposal" as disclosed by the media, it cannot really be considered a "counterproposal." Apart from some new covering it remains Patten's original package.

Consider functional constituencies, for example. The British side changed from regarding companies and groups as voters to the chairman of company boards of directors as voters. If this formula is applied, the number of voters in the original functional constituencies would be almost doubled. We do not know the details, for the time being at least, of how the British side defined the additional nine functional constituencies. However, their proposal to include employees or people employed in trades and professions as voters completely disregards the functions of "functional constituencies" because it lumps employers and employees together and replaces the long-term interests of functional constituencies with the nonpermanent interests chosen by the residents.

It is said that the original purpose of the British side's abandoning of introduction of functional elections, creation of nine functional constituencies, and change of the election methods of the existing constituencies in disregard of the realities in Hong Kong is to maintain a level of more than 1 million voters. Is this not an out-and-out Patten package?

In his constitutional reform package, Patten suggested two reform means in the functional constituency elections. One was to replace the voting by all forms of legal groups with voting by individuals and the other was to greatly expand the scope of voters by creating an additional nine new functional constituencies. The British side's current so-called "counterproposal" is entirely based on Patten's package complete with the two means of change he suggested. As far as the argument that there is no substantial difference between 2.7 million and just over 1 million voters is concerned, this is nothing but a counter offer technique which is already known to all. The two are the same in terms of the crucial point and intention of violating the principle of political structural reform proceeding in an orderly manner, and step by step, and of changing indirect elections into direct elections.

China and the UK had to spend much time solving issues of principle during the previous several rounds of talks with an aim to returning to the orbit of the "three conformities." If the British side does not abandon Patten's package there is no way both sides can enter a substantive discussion. The current talks have touched on the specific issues concerning the 1994 and 1995 elections. Nevertheless, after going around in a circle, the British side again put forward Patten's package. How can the talks proceed smoothly then? While dealing with China by adopting the method of making a change in form but not in content, the British side is prattling on about the "through train." The

result will be nothing but a hindrance to the talks process. Through the media, the British side has leaked word that if no agreement is reached on the functional elections and an election committee, then Patten's package will continue to be pursued. Is this, maybe, the real intention of the British side?

Industrialists Call for More Government Support

OW2108123293 Beijing XINHUA in English 1207
GMT 21 Aug 93

[Text] Hong Kong, August 21 (XINHUA)—Local industrialists have called for more government support to enhance the competitive strength of industries in Hong Kong.

According to today's "THE STANDARD" newspaper, James Tien, legislative councillor representing the Federation of Hong Kong [H.K.] Industries, said there was hardly any evidence of the government paving the way for industrial development.

He said non-interventionism had always served as a convenient excuse for the government to shy away from initiating policies.

"Even in last year's policy speech by governor Chris Patten, I did not see any clue of a well-planned, long-term industrial strategy to guide us to the new economic era we are hoping to create."

Tien said the 100 million H.K. dollar (about 12.8 million U.S. dollars) annual subsidy from the government to fund the Hong Kong Productivity Council (HKPC) was inadequate.

In 1992, the HKPC had to raise a further 100 million by itself, through organizing seminars and providing consultancy advice.

He said drastic political changes in Hong Kong could leave investors fearing an unfavorable economic climate.

"Hong Kong should be careful in finding the right balance between politicking and real public interest. We face unprecedented challenges as Hong Kong undergoes critical economic and political transitions over the next decade," he said.

The expanding mainland (China) domestic market would provide a major impetus to Hong Kong's industrial development.

Tien noted that the existence of this market would enable Hong Kong manufacturers to diversify into more technology-intensive business through the development and adaptation of technology from industrially advanced countries.

In the 90s Hong Kong's development potential would be constrained by the slow growth in its labor force, limited investment in research and development and the stagnant market in the West.

However, these constraints might be lessened if technological and economic cooperation with the mainland continues to grow, he added.

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